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LEGISLATIVE ASSEMBLY DEBATES

TUESDAY, 25th MARCH, 1947

Vol. IV—No. 1

OFFICIAL REPORT



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LEGISLATIVE ASSEMBLY

Tuesday, 25th March, 1947

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. President (The Honourable Mr. G. V. Mavalankar) in the Chair

STARRED QUESTIONS AND ANSWERS

(a) ORAL ANSWERS

ASSETS IN INDIA BELONGING TO NON-INDIANS

1139. *Mr. Manu Subedar: (a) Will the Honourable the Finance Member please state if Government have secured any information, directly or through the Reserve Bank of India, with regard to the assets belonging to non-Indians in this country?

(b) Are Government aware of the recent transfers of some of these assets from non-Indians to Indians?

(c) Have Government any information about these transactions?

(d) If the answer to part (c) above is in the affirmative, what is the volume of such transactions?

(e) Have Government any information of the moneys realised by such sales and transmitted abroad and, if so, what is the amount of such remittances?

(f) What steps do Government propose to take in order to collect such information in future?

The Honourable Mr. Liaquat Ali Khan: (a) Government have no reliable information on the subject.

(b), (c) and (e) Government are aware that in recent years some foreign-owned assets have been transferred to Indians but they are not aware of the total amounts involved nor of the total amounts which have been transmitted abroad as a result of these transfers.

(d) Does not arise.

(f) The matter is under the consideration of Government.

Mr. Manu Subedar: Having regard to the levy of capital gains in which Government have got a direct interest in these monies, will not Government consider expeditiously the desirability of checking up every remittance which takes place from this country and the monies realised by those who have sold to Indians?

The Honourable Mr. Liaquat Ali Khan: I have said that the matter is under the consideration of the Government. So far we have not been able to get any figures because there are no restrictions on transfers within the sterling area and therefore the figures are not available. But the matter is one which will certainly receive the attention of the Government and is receiving the attention of the Government.

Mr. Manu Subedar: Having regard to the powers which Government recently got under the Foreign Exchange Control which not merely gave every power to restrict remittances but also power to receive information, will the Government direct the Reserve Bank to gather this information from the Banks through whom remittances of sterling take place?

The Honourable Mr. Liaquat Ali Khan: I have already stated that the matter is under consideration.

Mr. Vadlal Lallubhai: Will the Government give us the information which they may have and which they used in the negotiations with U. K. on the sterling balances regarding foreign assets in this country?

The Honourable Mr. Liaquat Ali Khan: My Honourable friend seems to know more about negotiations than what I do.

Mr. Vadlal Lallubhai: Is it not a fact that the Honourable Member has got some kind of information about the assets of foreigners in this country?

The Honourable Mr. Liaquat Ali Khan: Perhaps my Honourable friend did not listen to the reply I gave to part (a). I said that the Government have no reliable information on the subject. I am not prepared to mislead the House by giving them unreliable information.

Mr. Vadlal Lallubhai: Is it not a fact that these things were discussed in the negotiations and he put up some figures before those people who came from U. K. to negotiate with us?

The Honourable Mr. Liaquat Ali Khan: I have stated more than once that the matter of negotiations is confidential and I am not going to be dragged into divulging information by means of supplementary questions.

DUTY ON GOLD AND SILVER

1140. Mr. Manu Subedar: Will the Honourable the Finance Member please state when the duty on gold and silver was imposed and what changes have been effected in such duty?

(b) What amount have Government realised from this duty during the course of this year, upto the last date for which figures are available?

(c) Has gold any official value in India either for purchase or for sale?

(d) In which countries in the world is gold freely available at an official selling price?

(e) What is the import parity on gold in India, including the existing duty, from (i) England and (ii) the U. S. A. on the basis of the official price and on the assumption that these countries release gold for export to India at the official prices?

The Honourable Mr. Liaquat Ali Khan: (a) I lay a statement on the table of the House.

(b) The amount realised as duty on gold and silver for the period from March 1946 to February 1947 both inclusive is Rs. 34,14,295 and Rs. 97,86,170 respectively.

(c) The official value of gold in India, as fixed for purposes of India's membership of the International Monetary Fund is 4,145 1/4 grains troy of fine gold per rupee. This however does not impose any obligation to buy or sell gold at this price.

(d) As far as information is available, the only country in which gold is available at an official selling price is the U. S. A. Sales of gold are, however, restricted in that country to foreign Central Banks and Treasuries and there is no free offering of gold to the public by the U. S. Treasury at the official price.

(e) The import parities inclusive of duty, freight and insurance are (i) Rs. 56.8.6 per tola, and (ii) Rs. 56.9.8 per tola.

(a) Gold was for the first time subjected to an import duty of Rs. 25 per tola by the Indian Finance Act 1946. This was reduced to Rs. 12.8.0 with effect from the 12th August 1946.

2 The following rates of duty have been levied on *silver* from time to time

Year	Rate of duty
1894	5 per cent <i>ad valorem</i> .
1910	4 annas per ounce
1920	Duty removed
1930	4 annas per ounce
1931	6 annas per ounce, and later during the same year increased to 7½ annas per ounce as a result of surcharge
1934	5 annas per ounce
1935	Reduced to 2 annas per ounce
1937	3 annas per ounce
1942	3 annas 7 1/5 pies per ounce as a result of general surcharge
1946	8 annas per ounce which was subsequently reduced to 4 annas per ounce with effect from 12th August 1946—the rate prevailing at present

Mr Manu Subedar: Will Government give some information to this House with regard to the recent restrictions on import of gold and silver by private parties and will Government consider the desirability, having regard to the very high prices in India and the low price abroad, of acquiring such stocks of gold and silver which may be available in the world and of benefitting the treasury by the difference?

The Honourable Mr. Liaquat Ali Khan: I would request the Honourable Member to put down a question and I shall be glad to answer the same.

PURCHASE OF NICKEL FOR COINAGE BY THE GOVERNMENT OF INDIA

1141. ***Mr. Manu Subedar:** (a) Will the Honourable the Finance Member please state how many 4-anna and 8-anna nickel coins have been issued and how many have been used?

(b) How much nickel have the Government of India purchased for coinage purposes, from whom and at what prices?

The Honourable Mr. Liaquat Ali Khan: (a) 291 crores pure nickel half-rupee coins and 4.98 crores of pure nickel quarter-rupee coins were issued and approximately 111 crores of half-rupee and 192 crores of quarter-rupee nickel coins were put into circulation upto 31st December 1946.

(b) Approximately 1,300 tons of nickel was purchased from the 1st April 1946 to the 31st January, 1947 from the Mond Nickel Coy., United Kingdom and from Australia. The price was about £190 per ton for nickel supplied in the form of pellets and £150 per ton for nickel supplied in the form of manufactured nickel blanks.

Mr. Manu Subedar: What has happened to the metal from the old coins which these nickel coins have replaced?

The Honourable Mr. Liaquat Ali Khan: So far very few coins have been put in circulation and very few coins have returned up to this time. I am not really in a position to give exact figures of the silver that we have received in this connection.

Mr. Manu Subedar: May I know that when the nickel coins replace the small change of which there was very heavy activity during the war period in the issue of small change, and this metal has come back or may be coming back hereafter what do Government propose to do with the return of metal other than silver?

The Honourable Mr. Liaquat Ali Khan: I am sorry I am not in a position to give answer to that now. If my Honourable friend would put down a question to that effect, I shall give the answer.

Seth Govind Das: Is it a fact that Government are contemplating the issue of rupee coins in nickel?

The Honourable Mr. Liaquat Ali Khan: I have already introduced a Bill in this House with regard to that matter.

ACCRUING OF SILVER FROM THE ISSUE OF NICKEL COINS

1142. *Mr. Manu Subedar: (a) Will the Honourable the Finance Member please state the total amount of silver, which has already accrued to Government from the issue of 4-anna and 8-anna nickel coins and how much more is expected under this head?

(b) What do Government propose to do with the silver, which they have received on account of this substitution?

The Honourable Mr. Liaquat Ali Khan: (a) The return of the quaternary half and quarter rupees has scarcely started yet and it is too early to make an estimate of the amount of silver likely to accrue to Government.

(b) It will not be in the public interest to disclose Government's policy in this respect.

Mr. Manu Subedar: Have not Government got any material information with regard to the amount of quarter rupee and eight anna coins of silver which are in circulation?

The Honourable Mr. Liaquat Ali Khan: We have information with regard to the coins that are in circulation but I cannot say at this stage how much silver we will get because it will depend on how many of the coins are returned. And that information will not be available till such time as Government have put these nickel coins in circulation in sufficient numbers and have fixed a date by which all the coins must be returned and beyond which they cease to be legal tender.

Mr. Manu Subedar: Will Government examine the question of acquiring silver wherever it is available in the world, because the world price is low and of selling some of this silver in India in order to prevent a further rise in the price of silver?

The Honourable Mr. Liaquat Ali Khan: That is a matter that is under examination.

Diwan Chaman Lal: May I know what is the quantity of silver ounce by ounce that the Government of India have agreed to return to the U S A and whether any portion of this silver is going to be used for that purpose?

The Honourable Mr. Liaquat Ali Khan: I am sorry I cannot give the exact amount. I think I did give a reply to this question in which I gave the exact amount of silver that we had borrowed from the U S A. I am informed that it is 226 million ounces of silver that we had taken from the U S A and which we have got to return to them in the form of silver.

Mr. Manu Subedar: Is it a fact that it is to be returned within five years? If so, what is the last date by which this silver must be returned?

The Honourable Mr. Liaquat Ali Khan: The date from which the five years are to begin has not yet been fixed by the President of the U S A.

Mr. Yusuf Abdoola Haroon: Does the Honourable Member propose to release some of the silver in order to check the speculative prices which are rising every day in the Bombay market?

The Honourable Mr. Liaquat Ali Khan: I shall require notice.

Seth Govind Das: What effort are Government making to stop this speculation in the bullion markets of Bombay and Calcutta?

The Honourable Mr. Liaquat Ali Khan: One of the efforts is the capital gains tax.

Seth Govind Das: Any other effort?

The Honourable Mr. Liaquat Ali Khan: With regard to other efforts the matter is being examined and if it is possible to take some action which will stop this, Government will only be too glad to do it.

Mr. Mannu Subedar: Have Government considered the desirability of introducing small silver bars for the consumption of small people and thus cut out the bullion market dealers altogether, and make available silver from Government stock for the small user in 10 tolas and 40 tolas and 50 tolas?

The Honourable Mr. Liaquat Ali Khan: The suggestions will be examined but I am not in a position to say anything definitely at this stage.

TRANSFER OF MINT FROM LAHORE TO CALCUTTA

1143. *Mr Mannu Subedar: (a) Will the Honourable the Finance Member please state if Government have taken any final decision with regard to the transfer of the Mint that was built in Lahore back to Calcutta?

(b) Why was it necessary to do this?

(c) What is the total amount of Mint equipment and machinery on order since the war and how much of it has been received so far?

(d) What is the destination of the equipment and machinery thus ordered and how much by value will be distributed at various centres?

The Honourable Mr. Liaquat Ali Khan: (a) and (b) I would invite the Honourable Member's attention to the reply given by me on 8th November 1946 to starred question No 318 asked by Sardar Mangal Singh.

(c) and (d) I lay on the table of the House a statement which gives the information required by the Honourable Member.

Statement showing amount of Mint equipment and machinery ordered and received since the War with distribution of value by centres

S. No.	Name of the centre	Total amount of Mint equipment and machinery on order since the War	Total amount of Mint equipment and machinery received so far	Destination of the equipment and machinery thus ordered and distribution of value by centres
		Rs.	Rs.	
1	Lahore	30 44 615	30 44 615	All the machinery that has been installed in the Lahore Mint will be transferred to Alipore in due course. None of the plant and equipment is for distribution elsewhere.
2	New Mint Alipore	47 08 000	15 026	All the equipment and machinery will be installed in the New Alipore Mint.
3	Calcutta Mint	48 432	27 942	All the equipment and machinery so far received has been installed in the Calcutta Mint, as will the balance, when received. When the Calcutta Mint finally closes down this equipment and machinery will be transferred to the New Alipore Mint.
4	Bombay Mint	39,23 745	30 45 700	All the equipment and machinery so far received has been installed in the Bombay Mint as will the balance, when received.
	Total	1,17,24,801	61 33 283	

Mr. Manu Subedar: With reference to the reply to part (d) may I know where the new machinery which is arriving will be placed?

The Honourable Mr. Liaquat Ali Khan: I have given details in the statement that I have just laid on the table.

Mr. Manu Subedar: May I know on what basis the organisation of the mint has been made having regard to the needs of this country as a whole, and for what reason the mint already established at great public expense during the war in Lahore is being deliberately pulled down and shifted to Calcutta?

The Honourable Mr. Liaquat Ali Khan: Since I received notice of this question I am having the position examined with regard to the mint at Lahore.

TRANSACTIONS IN THOUSAND RUPEE NOTES AFTER THE LAST DATE FOR TENDER

***Mr. Manu Subedar:** (a) Will the Honourable the Finance Member please state how many thousand rupee notes Government have received after the last date when it was possible for the public to tender their notes?

(b) From which sources were these received and what was the reason for the late receipts from these sources?

(c) Are Government aware that transactions in thousand rupee notes continued to take place for months at various centres?

(d) Have Government enquired whether it was possible for any parties to acquire these notes cheap and to get them fully cashed, and whether any facilities in this direction were abused?

(e) On which date was the final note under this account received and has the matter now been finally closed?

The Honourable Mr. Liaquat Ali Khan: (a) 1765 one-thousand rupee notes were tendered for exchange after the 26th April, 1946 the last date fixed for the purpose.

(b) Almost all these notes were received from private individuals, the justification for late submission being, in the main, (1) ignorance of the provisions of the Ordinance, (2) illiteracy, (3) residence of the holder in a distant village or other remote locality, (4) illness, (5) death etc.

(c) Government are aware of stray transactions of this nature and have taken action under the Ordinance wherever sufficient evidence was forthcoming.

(d) Applications were allowed in all cases where Government were satisfied of the *bona fides* of the applicants as Government were anxious to avoid hardship to small holders who had failed to present their notes in time for reasons stated in my reply to part (b). There can, however, be no absolute guarantee that in no case the facility was abused.

(e) The final note for exchange was received on the 28th February 1947 after which date, according to Government's recent public announcement no further claims are to be entertained.

DELHI IMPROVEMENT TRUST SCHEMES

1145. *Pandit Sri Krishna Dutt Paliwal: (a) Will the Secretary of the Health Department please state whether it is a fact that the Chief Commissioner of Delhi, has sanctioned the following Delhi Improvement Trust Schemes under sections 40 and 42 of the United Provinces Town Improvement Act, 1919, as extended to Delhi—(i) Ahata Kidara Scheme, (ii) Paharganj Circus Improvement Scheme, (iii) Sadar Bazar (Serai Purani Idgah) Scheme, and (iv) Serai Purani Idgah Scheme Part I,

(b) If so, when?

(c) By what date will the Delhi Improvement Trust begin to acquire the houses under these schemes?

(d) By what date do Government propose to give compensation to (i) the Zamindar, and (ii) the owner of the house under these schemes?

Mr. S. H. Y. Oulsnam: (a) Yes. Schemes (iii) and (iv) are the same Scheme.

(b) Schemes (i) and (ii) on the 27th May 1941 and (iii) and (iv) on the 12th November, 1946.

(c) The acquisition proceedings under the Ahata Kidara and the Paharganj Schemes are almost complete but those for the Serai Purani Idgah Scheme have not yet commenced.

(d) The compensation has already been assessed and paid in most of the cases relating to the Ahata Kidara and the Paharganj Schemes. In the remaining cases relating to those schemes and the Serai Purani Idgah Scheme, compensation will be paid as soon as the Land Acquisition Collector gives his awards.

Pandit Sri Krishna Dutt Paliwal: May I know the boundary of the Ahata Kidara scheme?

Mr. S. H. Y. Oulsnam: I have no information now, I will supply it to the Honourable Member.

Pandit Sri Krishna Dutt Paliwal: At what state does the Serai Purani Idgah scheme stand at present?

Mr. S. H. Y. Oulsnam: The scheme has been sanctioned and the various preliminary measures are being taken to acquire the land and make other arrangements.

Pandit Sri Krishna Dutt Paliwal: May I have an idea of the time when the people of these localities will be asked to vacate their houses?

Mr. S. H. Y. Oulsnam: It is not possible to give any date at present. They will be asked to vacate when all other arrangements are complete, for example, for their re-housing.

Pandit Sri Krishna Dutt Paliwal: Have the new localities to which the people are being shifted made known to the people concerned?

Mr. S. H. Y. Oulsnam: That has not yet been decided.

Seth Govind Das: How much notice will be given to these people to vacate their houses?

Mr. S. H. Y. Oulsnam: No fixed period is laid down but ample notice will be given when the time comes.

PROVISION OF HOUSES TO INHABITANTS COMING UNDER DELHI IMPROVEMENT TRUST SCHEMES

11a. ***Pandit Sri Krishna Dutt Paliwal:** (a) Will the Secretary of the Health Department please state in which locality Government have made arrangements to provide houses to the inhabitants of the localities coming under the Delhi Improvement Trust Schemes?

(b) Will these localities be close to the localities requisitioned by the Delhi Improvement Trust? If not, why not?

(c) Of what type will these houses be and how will they be distributed?

Mr. S. H. Y. Oulsnam: (a) to (c) I would refer the Honourable Member to the replies given to parts (a) to (c) of his unstarred question No. 21 on the 6th February 1947. All persons whose monthly income does not exceed Rs. 50 who wish to be re-housed, and who are willing to pay a monthly rent fixed by the Trust will be eligible for the benefits of the state aided re-housing scheme.

Pandit Sri Krishna Dutt Paliwal: May I know if any provision has been made for a school in the locality?

Mr. S. H. Y. Oulsnam: I have not got that information.

BUILDING OF HOUSES FOR INHABITANTS OF LOCALITIES COMING UNDER DELHI IMPROVEMENT TRUST SCHEMES

1147. *Pandit Sri Krishna Dutt Paliwal: (a) Will the Secretary of the Health Department please state whether the quarters for the inhabitants of the localities coming under the Delhi Improvement Trust Schemes have been built, and if not, when they are expected to be completed?

(b) If they have been completed, what arrangements have been made in respect of (i) water, (ii) electricity and (iii) bathroom and lavatory?

(c) Do Government propose to provide the facilities of a market and a hospital in the new localities proposed for the inhabitants under these schemes?

Mr. S. H. Y. Oulsnam: (a) Over 500 single storeyed houses have already been built according to the old design. Construction of houses according to a new design will be taken in hand shortly by the Trust.

(b) In houses built according to the old design a bathing platform has been provided but there is no water connection and no lavatory. In the new design of houses a bathroom and a flush latrine will be provided and also a water connection. Electric light fittings are not provided in either the old or the new design.

(c) Sites for markets and hospitals will be made available according to the requirements of each area.

Pandit Sri Krishna Dutt Paliwal: May I know if the new design will comprise double storeyed buildings with one, two or three rooms?

Mr. S. H. Y. Oulsnam: Yes, Sir, the new design provides for four quarters in one double-storeyed building.

Pandit Sri Krishna Dutt Paliwal: What will be the rent of these quarters?

Mr. S. H. Y. Oulsnam: About eight rupees a month for each quarter.

Seth Govind Das: Are Government aware that enough kerosene is not available in Delhi, and if electricity is not going to be provided in these houses how are they going to be lit?

Mr. S. H. Y. Oulsnam: These houses are intended for the poorest class of people and it is not certain that they will be able to pay the cost of electric light, and the other difficulty is that the provision of electrical fittings will add to the capital cost and so will increase the rent of the house.

Seth Govind Das: How do the Government think that they will be able to have light in their houses when there is no kerosene available?

Mr. S. H. Y. Oulsnam: There are many houses without electric light.

Seth Govind Das: Do the Government not think it desirable at least to provide light in the new houses which they are building for poor people?

Mr. S. H. Y. Oulsnam: The matter will be examined.

SCALING DOWN OF STERLING BALANCES

1148. *Mr. Ahmed E. H. Jaffer: (a) Will the Honourable the Finance Member please state whether Government propose to give an assurance to the House that they do not intend to entertain any proposals from the British Government for the scaling down of sterling balances?

(b) Do Government propose to consult the House before coming to any final decision on the proposals from the British Government for the scaling down of sterling balances?

The Honourable Mr. Liaquat Ali Khan: (a) I would invite attention to paragraph 30 of my Budget Speech

(b) I would invite the Honourable Member's attention to the replies to part (b) of starred question No 166 of the 4th November 1946 and to part (d) of starred question No 208 of the 11th February 1947

Mr. Manu Subedar: Has the Honourable the Finance Member seen a very adverse comment on India's position in the American Magazine *Time* in a recent issue, and may we know what steps he proposes to take in order to counteract this adverse propaganda and in order to put forward the true facts of India's very strong case in the matter of India's sterling balances?

The Honourable Mr. Liaquat Ali Khan: I have not seen it, but if my Honourable friend will tell me the date of this Magazine I shall certainly look into it

Mr. Manu Subedar: Will not the Government of India avail themselves of the new machinery set up in America and in other parts of the world in order to put forward our case strongly as a counter to the propaganda which has been done against Indian interests by the British and the French, and will not Government take more active steps in this matter by way of propaganda?

The Honourable Mr. Liaquat Ali Khan: The Government will certainly utilize the information machinery for supplying the foreign countries with correct information with regard to everything

SUSPENSION BY GOVERNMENT OF INDIAN NEWS PARADE FILMS

1149. *Mr. Ahmed E. H. Jaffer: Will the Honourable Member for Information and Broadcasting please state whether it is a fact that the production of the Indian News Parade films has been suspended by Government? If so, why?

The Honourable Sardar Vallabhbhai Patel: "Indian News Parade" ceased to be a Government concern on May 1st 1946 owing to refusal of supplies by the Legislature and the production was taken over by a commercial film company. The decision to suspend production of Indian News Parade was taken by that company on its own responsibility.

Mr. Ahmed E. H. Jaffer: Is it a fact that the Honourable Member is thinking of reviving this Indian News Parade and if so may I know the reasons for that?

The Honourable Sardar Vallabhbhai Patel: It would be for the House to sanction the finances

DE-REQUISITIONING OF HOUSES AND BUILDINGS BY THE ARMY IN BOMBAY

1150. *Mr. Ahmed E. H. Jaffer: (a) Will the Secretary of the Defence Department be pleased to state how many of the buildings, bungalows and flats requisitioned by the Army in the city of Bombay have been de-requisitioned during the second half of the year 1946, giving full details thereof, their situation and description?

(b) Will the de-requisitioned properties be handed over to the respective owners or to their former tenants?

(c) Is there any system by which new comers and other intending tenants can hire these through Government or any other source?

Mr. G. S. Bhalja: (a) One hundred and twenty. Full details regarding these are given in the Statement placed on the table of the House

(b) Speaking generally buildings will be handed over to those who were in occupation at the time of requisition

(c) Government are not aware of any such system

List of Requestioned Buildings, Bungalows and Flats in Bombay City

Released During 1-7 46 To 31-12-46

S No	Name of Property	Location	Rent P. M.	Occupied by
			Rs. A. P.	
1	"Burjor Building" 2 Rooms	Colaba	170 0 0	Army
2	"Nagin Mahal" (Two Flats)	Chigste Reohn	875 0 0	RAF
3	"No 14, Mount Pleasant Road	Mulbar Hill	NYS	RAF
4	"Madhu Kunj"	Mulbar Hill	4 500 0 0	RAF
5	"Gomadia House"	Warden Road	NYA	Army
6	"Durbhanga Flats" North Block	Poddar Road	717 0 0	WRNS
7	"Mener Building"	Dadar	30 0 0	Army
8	"Flat 27, M. Leon Belvedere"	Queen's Road	200 0 0	Do.
9	2nd Floor Flat, No 14, Ormiston Road	Apollo Bunder	NYA	Do.
10	Flat No 10, "Oval View"	Queen's Road	245 0 0	Do.
11	Flat No 3, "Beacon"	Chigste Reohn	NYS	Do.
12	1st Floor Flat "Samudra Tarang"	Mulham	150 0 0	Do.
13	"Prospect Lodge"	Altamount Road	6 125 0 0	Do.
14	Prospect Lodge (Small)	Do		
15	Prospect Lodge (Annex)	Do		
16	"Lincoln Lodge"	Do		
17	"Lincoln Lodge" (Annex)	Do		
18	"Baker's Bungalow"			
19	"Regency Building"			
20	Flat No 8, "Kavya House" Br. dy's Flats	Colaba	169 0 0	Do.
21	Flat No 7, "Javeri Mansion"	Mulbar Hill	240 0 0	RIN
22	Flat No 5, "Cleaves House"	Wodehouse Road	220 0 0	Army
23	Flat No 7, "Chateau Windsor"	Marine Drive	170 0 0	RIN
24	Flat No 4, "Chateau Windsor"	Do	170 0 0	Do.
25	1st Floor Flat, "Summer Queen"	Arthur Bdr Road	90 0 0	Do.
26	Flat No 10, "Dorset Court"	Cuffe Parade	220 0 0	Do.
27	Flat No 6 "Hussain Manor"	Warden Road	228 0 0	Army
28	Flat No 14, "Rupiyatan"	Marine Drive	135 0 0	Do.

S No	Name of Property	Location	Rent P M	Occupied by
			Rs A P	
29	Flat No 17, "Mask to Court"	Queen's Road	164 12 0	Army
30	Flat No 9, "Jyoti Sadan"	Marine Drive	203 0 0	Do
31	"Marble Villa"	Warden Road	4 925 0 0	WRINS
32	Flat No 25 Corner House	Kalaskar Road, Dadar	60 0 0	Army
33	46 B "Bamruwall Building"	Worli	16 0 0	Do
34	"Patel's Bungalow", J. J. Road	Dadar	90 0 0	Do
35	"Goolshan"	Pedder Road	NYS	Govt of Bombay
36	"Star Sea View"	Cowpatty	220 0 0	Army
37	Flat No 11 "Black House"	Chig to Rechin	215 0 0	Do
38	"Mitha Lodge" Grd Flr Flt	Colaba	120 0 0	Do
39	Flat No 5 "Sudhar"	Marine Drive	120 0 0	RIN
40	Flat No 2 Bhugwan Mansion	Dogra Talao	90 0 0	Army
41	Flat No 22 "Shanti Kutir"	Marine Drive	220 0 0	RIN
42	Flat No 4 "Horizon View"	Chig to Rechin	220 0 0	Army
43	No 66, Walkeshwar Road	Mulabar Hill	NYS	Do
44	No 5 "Queen's Mansion"	Bastion Road	585 0 0	Do
45	Flat No 13, "Solanki Sadan"	Shion	NYS	Do
46	"Liddle House", Terrace Flat	Pedder Road	120 0 0	Do
47	Flat No 4 "Gulbahar"	Dogra Talao	95 0 0	Do
48	Flat No 6 "Prem Court"	Chig to Rechin	200 0 0	Do
49	"Dhruv Mahal", 1st Floor Flat	Colaba	140 0 0	RIN
50	Hamilton Building, Grd Flr Flt	Fort	30 0 0	Army
51	Flat No 3, "Sev Side"	Colaba	153 0 0	Army
52	Flat No 17 "Marina House"	Marine Lanes	105 0 0	RIN
53	Flat No 10, "Habib Park"	Byculla	25 0 0	Army
54	Flat No 15, "Habib Park"	Do	43 0 0	Do
55	Flat No 20, "Habib Park"	Do	61 0 0	Do
56	Flat No 33, "Habib Park"	Do	41 0 0	Do
57	Flat No 34, "Habib Park"	Do	63 0 0	Do
58	Flat No 306, "Silverton"	Colaba	140 0 0	Do

S. No.	Name of Property	Location	Rent P M	Occupied by
59	Block D ' G F ' ' Amarchand Mansion ' ' Flat No 13, ' ' Zamindar Manzil	Maya Road Fort	Rs A P 215 0 0	Army
60	Flat No 13, ' ' Zamindar Manzil	Chigata Reclm	155 0 0	Do
61	Flat No 2 A, ' ' Connaught Mansion	Colaba	190 0 0	Do
62	36 61 & 72 ' ' Great Western Building	Fort	80 0 0	Do
63	Flat No 6, ' ' Podar Mansion	Marine Drive	170 0 0	Do
64	Flat No 16 ' ' Shanti Kutir	Do	220 0 0	RIN
65	5th Floor, ' ' Winston House	Chigata Reclm	250 0 0	Army
66	Terrace Flat Kili Lodge	Colaba	150 0 0	Govt of Bombay
67	' ' Dil Parsi, Flat on 3rd Floor	Malabar Hill	165 0 0	RIN
68	2nd Floor ' ' Oomer Mansion	Warden Road	184 0 0	Do
69	Flat No 7, ' ' Malabar Court	Malabar Hill	425 0 0	RAF
70	Flat No 8, ' ' Malabar Court & Terrace Flat	Malabar Hill	400 0 0	Do
71	Flat No 3 ' ' Javeri Mansion	Malabar Hill	250 0 0	RIN
72	' ' Rook Nivasa	Marine Drive	2,950 0 0	RAF
73	No 75 & 76, Marine Drive (Block of Flats)	Marine Drive	2,720 0 0	RAF
74	Ground Floor Flat ' ' Empress Court	Queen's Road	65 0 0	RIN
75	' ' Empress Court, 5th Flr Block	Do	240 0 0	Army
76	' ' Ellis Court Flat No 2	Marine Drive	82 7 0	Do
77	' ' Kantan Buildings, 2 Rooms Grd Flr	Colaba	80 0 0	Do
78	No 77, Marine Drive	Marine Drive	2,722 0 0	RAF
79	No 78 Marine Drive	Do	2,722 0 0	Do
80	Flat No 2 ' ' Palm Court	Chigata Reclm	175 0 0	Army
81	1st Floor Regl Theatre	Colaba Road	125 0 0	Do
82	Flat No 1 ' ' Western Breeze	Colaba	128 3 0	RIN
83	' ' Franklin House 1st Floor	Do	100 0 0	Army
84	' ' Pithani House Grd Flr Flat	Malabar Hill	275 0 0	Do
85	Flat No 8 A, ' ' Patel Manzil	Nepean Sea Road	190 0 0	Do

S. No	Name of Property	Location	Rent P M	Occupied by
86	Flat No 2, "Habib Court"	Colaba	Rs 113 4 0	RIN
87	"Satara Villa" Oomr Park, 1st Floor Flat	Warden Road	283 0 0	Do
88	4th Floor Flat, 84, Nepean Sea Road	Nepean Sea Road	275 0 0	Do
89	4th Floor Flat, "Kiran Court"	Colaba	100 0 0	Army
90	Flat No. 5, "York House"	Do	112 13 0	RIN
91	Flat No 8, "Pudina Mansion"	Malabar Hill	275 0 0	Do
92	Habib Park, Flat No 1	Bauvilla	83 0 0	Army
93	"Argentina Hotel"	Churchgate	Variable	Do
94	Fort Press Flat & Garage	Arthur Bdr Road	176 14 0	Do.
95	Shed 163 & 1 of 166	Sassoon Docks	642 0 0	RN Storage
96	Bipin Silk Mills	Dadar	250 0 0	Army
97	Mario's Restaurant	Rampart Row	150 0 0	Do
98	Bombay B.R. Gymkhana	Fort	925 0 0	
99	Part of 2nd Floor 'Wakefield House'	Billard Estate	40 0 0	S.S.O. (W. & F.)
100	'Amar Building' 4th Floor	Sir P. M. Road		C.S.D.
101	'Apollo Chambers' Apollo Bunder	Apollo Bunder	1893 11 0	Army
102	'Contractor Building' 3rd Flr	Billard Estate	659 0 0	Do
103	V.C.O.'s Club ('C.I. Brabourne Stadium)	Churchgate	150 0 0	Do
104	Godown No 164	Sassoon Dock	NYS	RIN
105	'Mustafa Building' 3rd Floor	Sir P. M. Road	501 0 0	RIN
106	Godowns Nos 169 & 170	Sassoon Dock	NYS	RN
107	'Warden House' 2 Rooms	Sir P. M. Road	305 0 0	N.S.A.
108	Wellington Mews, Ground Floor & 24 Garages	Wodehouse Road	700 0 0	RIN
109	Royal Tile Godown	Arthur Bdr Road	NYS	CSD
110	'News Paper House'	Sassoon Dock	1,400 0 0	RN
111	Fredrick's Hotel	Apollo Bunder	5,400 0 0	NSA
112	Bank of India Building Basement	Esplanade Road	17,990 0 0	Army
113	Hindu Gymkhana	Marine Drive	2,760 0 0	Do.

S No	Name of Property	Location	Rent P M	Occupied by
			R A P	
114	Iskon Gymkhana	Marine Drive	1,200 0 0	Army
115	Asian Building, 1st Floor	Ballard Estate	125 0 0	Do
116	Wickfield House 1st Floor	Do	500 0 0	Government of Bombay
117	New India Assurance Bldg 4th & 5th Floors	Esplanade Road		Government of Bombay
118	Lentin Chambers "A" Flat	Fort	Not paid	Never occupied
119	Sansher Printing Press	Sion	2,297 0 0	RAF
120	Pure Products Plot 107-E	Sion	3 825 0 0	RAF

COMPENSATION FOR LANDS TAKEN DURING THE LAST WAR FOR MILITARY PURPOSES IN BENARES

1151. ***Shri Sri Prakasa:** Will the Secretary of the Defence Department be pleased to state

(a) if all the lands that were taken for military purposes during the last war in the district of Benares, have been given back to the tenants,

(b) if any portion thereof has been retained,

(c) the purpose for and the conditions under which the lands have been so retained, and

(d) the rate at which compensation is being paid, and if the rate is the same as it was at the beginning of the war, whether Government propose to consider the advisability of giving compensation at a higher rate owing to the rise in the price of these lands?

Mr. G. S. Bhalja: (a) No, Sir

(b) Yes Sir

(c) The reason for retention is that the land cannot be restored to its original condition. It is being acquired.

(d) Requisitioned lands have been taken on rent computed at the time of requisition. The Government of India do not intend to revise the rents at this late stage when the requisitioned properties are in the process of being liquidated by means of releases or acquisitions.

In respect of acquisition of requisitioned land, the amount of compensation payable will be such sum as would be sufficient to purchase, at the market rate prevailing on the date of the notice under section 5 of the Requisitioned Land (Continuance of Powers) Act, 1947 a piece of land equal in area to, and situated within a distance of three miles from, the acquired land and suitable for the same use as that to which the acquired land was being put immediately before the date of its requisition, or a sum equivalent to twice the market value of the acquired land on the date of its requisition, whichever is less.

† Answer to this question laid on the table the questioner being absent

PAYMENT OF INCOME-TAX BY DEFENCE DEPARTMENT ON LANDS REQUISITIONED FOR MILITARY PURPOSES FROM TENANTS

†1152. *Shri Sri Prakasa: Will the Secretary of the Defence Department be pleased to state

(a) whether it is a fact that the Defence Department of the Government of India agreed to pay income-tax on behalf of those tenants whose lands were requisitioned for military purposes, and who were required to pay income-tax as the annual sums paid to them by the Defence Department as compensation were not regarded as non-agricultural income, and

(b) if so whether the money has actually been paid and if not, when Government expect the transaction to be completed?

Mr G. S. Bhalja (a) Yes, provided the assessee produces a certificate from the Income-tax Officer concerned.

(b) So far only one case has come to notice and the tenant concerned has been asked to produce the necessary certificate from the Income tax Officer concerned before payment is made.

PRODUCTION OF QUININE IN INDIA

†1153. *Sri A. K. Menon: (a) Will the Secretary of the Health Department be pleased to state what is the quantity of Quinine produced annually in India on the average of the last three years?

(b) Has there been more demand for it than could be supplied by Government?

(c) If so, why is it not allowed to be imported or produced in larger quantities than is being done at present?

Mr. S. H. Y. Oulsnam: (a) The average quantity of quinine produced in India in the last three years is 85,000 lbs. a year.

(b) Yes

(c) There is no restriction on the quantities that can be imported. Owing to the time required for a cinchona tree to attain maturity rapid expansion of production is not possible. Since 1943, however, 4,680 acres have been brought under cultivation by the Governments of Madras and Bengal under a scheme promoted by the Central Government. For future development the target of 210,000 lbs. a year suggested by the Bhoire Committee has been accepted by the Central and Provincial Governments subject to review from time to time in the light of developments in the production of synthetic drugs. The Madras and Bengal Governments have prepared plans for development with this target in view.

COMPLAINT AGAINST THE ADMINISTRATION OF DISTRICT JAIL DELHI BY THE DIVISIONAL PRISONERS' AID SOCIETY, AMBALA

†1154. *Lala Deshbandhu Gupta: Will the Honourable the Home Member be pleased to state

(a) whether Government are aware that the Divisional Prisoners' Aid Society, Ambala, held a Conference on 13th October, 1946, to recommend various measures of Prison Reform and that the said Conference passed a number of resolutions which were forwarded to the Government of India for their consideration.

(b) whether Government are aware that the said Conference brought to the notice of Government through a resolution that at present the First Class District Jail, Delhi, has a part time Superintendent who is also the Additional

† Answer to this question laid on the table the questioner being absent

District Magistrate of Delhi and visits the said Jail only twice a week and that the real administration of this Jail remains with the Deputy Superintendent who is a subordinate junior officer,

(c) whether it is a fact that there have been complaints against the administration of the District Jail, Delhi, regarding the treatment of prisoners of various categories and if so, the action that Government have taken so far in this connection, and

(d) the various industries carried on at the District Jail, Delhi, and the profits earned therefrom during the last five years?

The Honourable Sardar Vallabhbhai Patel: (i) A copy of some of the resolutions said to have been passed by the Ambala Division District Prisoners' Aid Societies Conference held at Ambala on the 13th October, 1946 was received by the Government of India.

(b) Yes, a resolution to this effect has been brought to the notice of Government

(c) No complaints have been received.

(d) The following industries are carried on in the District Jail, Delhi, Manufacture of cotton articles (Dunnies, dusters, khaddar, etc.), paper making, checks, book-binding, carpentry, manufacture of ink and moving box and printing press, etc. The profits earned during the last five years from these industries are as follows: 1942—Rs 1,508, 1943—Rs 7,302, 1944—Rs 5,194, 1945—Rs 7,569, 1946—Rs 7,280.

ACTION BY GOVERNMENT FOR RAISING THE DISTRICT JAIL, DELHI TO A CENTRAL JAIL

†1155. ***Lala Deshbandhu Gupta:** Will the Honourable the Home Minister be pleased to state

(a) the number of Technical Instructors namely carpenters, weaving masters, etc., attached to the District Jail, Delhi, and the out-put of their work in training prisoners for these trades,

(b) whether Government have taken any action, on the resolution of Ambala Divisional Prisoners' Aid Society for raising the District Jail, Delhi, into a Central Jail and for the appointment of a whole-time Superintendent for it if none, why, and

(c) whether Government have taken any action on the scheme for starting a Prison Officers' Training College recommended by the Divisional Prisoners' Aid Society, Ambala, if not, whether they propose to do so now?

The Honourable Sardar Vallabhbhai Patel: A carpentry instructor and a weaving instructor are employed in the District Jail. The former supervises and trains prisoners employed in the carpentry workshop the latter trains and supervises prisoners employed in spinning and the manufacture of cotton articles. The industry supervised by the carpenter master showed a profit of Rs 1,650/9/3 in 1946. The industries supervised by the weaving master showed a profit of Rs 3,073/3/9 in the same year.

(b) the matter is under consideration in consultation with the Chief Commissioner

(c) In view of the opinions elicited in consultation with Provincial Governments I do not propose to proceed further with the consideration of the recommendation

† Answer to this question laid on the table, the questioner being absent

APPOINTMENT OF WHOLETIME STAFF FOR PRISONS IN THE CHIEF COMMISSIONERS' PROVINCES

[1156. *Lala Deshbandhu Gupta: Will the Honourable the Home Member be pleased to state

(a) whether the Government of India have any scheme under their consideration for the appointment of wholetime staff for the prisons in the Chief Commissioners' Provinces, and

(b) whether Government have considered the desirability of appointing wholetime and well trained Superintendents for the Jails in the Chief Commissioners' Provinces?

The Honourable Sardar Vallabhbhai Patel: (a) and (b) No

CONFERENCE OF ALL-INDIA INSPECTORS GENERAL OF PRISONS

[1157. *Lala Deshbandhu Gupta: Will the Honourable the Home Member be pleased to state

(a) whether it is a fact that Conferences of All India Inspectors General of Prisons are arranged by the Government of India and if so, how often such conferences are arranged and when the last conference was held, and

(b) whether Government propose to place on the table of the House the resolutions of the last Conference of the Inspectors General of Prisons and the action that has been taken on such resolutions and if no action has been taken the reasons therefor?

The Honourable Sardar Vallabhbhai Patel: (a) Conferences arranged by the Government of India were held in 1923, 1925, 1927, 1929, 1933, 1939 and 1945

(b) A statement is laid on the table

A. Recommendations concerning the Central Government

Serial No. in the Report of the Conference	Resolutions	Action taken
22 (in so far as it recommended the institution of a Prison Medal)	"The Conference is of opinion that This Conference very strongly reiterates resolution 15 of the Sixth All India Inspectors General of Prisons Conference for the institution of Prison Medal for the Jail staff, in recognition of gallant and meritorious services rendered by them."	The proposal regarding the institution of a Prisons Medal has been rejected
29 (regarding possibility of establishment of a Central Jails Staff Training School for staff from all over India or from Provinces who cannot afford to have separate schools of their own)	"The Conference reiterates the resolution passed in Conferences held in 1923, 1929 and 1939 on this subject and is of opinion that arrangements for the training of jail staff should be made in each province as early as possible. Details about the training scheme should be left to the different provinces."	The proposals regarding the appointment Director General Jails and the establishment of a Central Jails Staff Training School have been decided
	"The Conference is of opinion, Colonel Jatar and Colonel Advani dissenting, that there should be a post of Director General of Jails with jail experience attached to the Central Government for correlating and co-ordinating the prison administration activities in different provinces with a view to secure uniformity."	

† Answer to this question laid on the table, the questioner being absent.

B Recommendations concerning Provincial Governments

Serial No in the Report of the Conference	Resolution	Action taken by Central Government for Central Administered Areas and communicated for information to the Provincial Governments
1	2	3
1	'The Conference is of opinion that security prisoners should be given a fixed scale of diet clothing and bedding in kind as per requirements of the respective provinces on climatic and other considerations, but is opposed to the idea of fixing an allowance in the shape of money for this purpose as regards an allowance for sundries, it is preferable to give it in kind e.g., tooth brush, tooth paste, hair-oil etc., and not in cash, but the question be left to the discretion of the provinces' (Col Puri and Col Nalwa dissenting)	No action considered necessary as all the Security prisoners have been released
2	The Conference is of opinion that accommodation for C class prisoners should be provided in association barracks. The diet, clothing and bedding of these prisoners should be in accordance with the prescribed scale and no allowance in the shape of money should be allotted for this purpose. As regards newspapers, interviews and letters, the question should be left to the discretion of the individual provinces. The Conference recommended that the system prevalent in the Central Provinces jails of allowing prisoners to smoke at their own cost from the gratuity earned by them by extra or special work in jail be introduced in other provinces, wherever possible.	The Government of India are not at present in favour of ordinary class prisoners being permitted to smoke in jails as recommended in the resolution.
3	The Conference is of opinion that dental and other treatments including dentures and eyeglasses for all prisoners (including convicts) should be given at Government cost provided the Medical Officer considers it necessary for the preservation of the health of the prisoner. The Conference strongly recommends that all important jails should have visiting Dentists attached to them.	The Government of India accept in principle the recommendation regarding the suitability of attaching a visiting Dentist to each jail and providing at Government cost dentures and spectacles to prisoners who are certified by the medical officers to be in real need of them for the preservation of health.
4	Interviews to security prisoners with members of family, their frequency, duration and interval at which interviews allowed.—Discussion of the rules in the matter with a view to achieve uniformity of practice, if possible.	
5	Legal interviews to security prisoners—How Conducted—Whether given across the grille?	No action considered necessary as all the security prisoners have been released.
	The Conference is of opinion that security prisoners of higher class should be given interviews at intervals of a fortnight and those of lower class once a month, and ordinarily the duration of an interview should be about half an hour. The Conference agrees that giving of interviews through a grille is the most effective way of preventing unauthorised communications between the prisoners and the interviewers and at the same time it obviates the necessity of searching them, which otherwise would be absolutely essential though humiliating. The Conference considers it desirable to give legal interviews also through a grille.	

1	2	3
<p>6. The Conference resolved as follows "As a general rule, all prisoners including security prisoners should be locked up but individual cases could be allowed to sleep out, provided the the authorities concerned are satisfied that there is no risk involved."</p>	<p>No action considered necessary as all the security prisoners have been released.</p>	
<p>7. Classification of security prisoners</p>	<p>Do</p>	
<p>1. Whether it should be abolished</p>		
<p>2. Whether free association between different classes of security prisoners should be permitted if classification is retained.</p>		
<p>8. Creation of a special class known as 'Q' class for Congress security prisoner in certain provinces—How it has worked in practice</p>		
<p>The Conference resolved as follows</p>		
<p>1. The Conference is of opinion that the present classification of security prisoners into a higher and a lower class should be retained and that security prisoners should not all be given one class like a Q class</p>		
<p>2. The Conference is unanimously of opinion that under no circumstances free association should be permitted between the two classes of security prisoners "</p>		
<p>9. The Conference resolved as follows The Conference is of opinion that as far as possible security prisoners of one province should not be transferred to another province, though as a result of the mutual exchange of security prisoners between the Central Provinces and the the province of Madras serious difficulties were encountered now as any internal deterioration in the health of prisoners noticed "</p>	<p>Do</p>	
<p>10. The Conference resolved as follows</p>		
<p>The Conference is of opinion that security prisoners who frequently resort to hunger strike, should be given the minimum of publicity. The Conference recommends that reports to Government should be sent only at the time when the prisoner goes on hunger strike, when his health deteriorates seriously and when he gives it up. Prosecutions of security prisoners for going on hunger strike have had hardly any deterrent effect</p>	<p>Do</p>	
<p>11. "The Conference is of opinion that separation of casuals and habituals is essential and arrangements should be made in all provinces to separate even short-term habituals from casuals. This conference considers that in order to ensure effective separation, special jails should be allotted for these prisoners. As regards prisoners convicted for offences of a political nature, it would be preferable to avoid collecting such prisoners in one or more jails, for it is easier to manage them if they are distributed in different jails. The Conference realises that on occasions of mass movement, it would be very difficult to follow this procedure of distributing them in separate jails</p>	<p>The Government of India agree with the recommendation</p>	

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2

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- 12 "The Conference is of opinion that the present classification of prisoners into A and B Classes and the concessions given to them have been found very satisfactory and the Conference does not think it necessary to give further concessions either mental or 'physical' to A or B class prisoners. The Conference notes that the suggestions of the Government of India have already been accepted by the Government of Madras". Noted.
- 13 "The Conference is of opinion that the existing practice in most provinces except Central Provinces and Berar, of permitting prisoners to write a letter once in two months is satisfactory and adequate, and recommends no change". Noted.
- 14 "The Conference is unanimously of opinion that it is not desirable to reduce the scale of diet of prisoners in jails to bring it in conformity with the reduced ration of civil population, as the diet of prisoners is calculated on a scientific basis and as it is not possible for the prisoners to supplement their diet as is the case with those outside". The recommendation is accepted by the Government of India for adoption in the Centrally Administered areas so far as local conditions permit.
- 15 The Conference resolved as follows:
"The Conference is of opinion that the diet of prisoners must contain fresh vegetables and other anti-scorbutics in sufficient quantities". Do.
- 16 The Conference resolved as follows:
"The Conference strongly recommends that Radios should be installed in as many jails as possible. The control of Radios, as regards the type of broadcast and the time at which it should be permitted, should be under the strict control of the Jail Superintendent. The Conference is opposed to the idea of a general issue of musical instruments, but they may be permitted periodically. Opinion of the Conference is divided whether singing by prisoners in jails should be permitted, but the Conference recommends that this experiment may be tried wherever considered practicable". No action proposed.
- 17 "The Conference finds that in none of the provinces a definite limit of income or an exact definition of 'superior mode of living' is laid down except in one province, and agrees that it is difficult to lay down a definite income limit for this purpose". Noted.
- 18 "The Conference is strongly of opinion that conveyance should be provided for all undertrials when they are taken to and brought back from courts. Undertrials may be given work if they ask for it, in jails where it is possible to do so". The recommendation is accepted by the Government of India so far as local conditions permit.
- 19 "The Conference is of opinion that undertrial prisoners should be allowed to write a letter once a week at Government expense. If an undertrial prisoner desires to write more letters in connection with his defence, he should be allowed to do so at Government expense, only if the Superintendent considers this necessary. He may also be permitted to send additional letters at his own expense."

1	2	3
20	"The Conference recommends that as there have been mass agitations in various provinces resulting in mass arrests during the past two decades or so it is not only desirable but necessary that all provinces should have a proper scheme for the accommodation of such prisoners and adequate staff for their management based on past experience to meet future emergencies."	The Government of India are inclined to agree with the recommendation.
31	Appointment of suitably paid officers with more or less independent status subject to Inspector General of Prisons' control and direction for gate duty in each jail "It is the opinion of the Conference that such an officer is not necessary, but trustworthy and reliable officers not below the rank of a head warder should be appointed as gate keepers in Central and District Jails."	NOTED
23	"The Conference reiterates resolution 3 of the 4th Conference of the Inspectors General of Prisons and recommends that all whole time jail employees should be provided with rent free quarters on or near the jail premises as it is absolutely essential for the efficient performance of their duties and as it minimises the chances of unauthorised communications."	The Recommendation is accepted by the Government of India so far as local conditions permit.
24	Recruitment of subordinate staff, e.g., Assistant Jailors and warders in view of difficulty experienced on account of the war and maintenance of a reserve of permanent warders to fill up temporary and permanent vacancies This item was discussed along with item 20 on the Agenda	No action contemplated.
25	Use of tear gas for combating riots and serious disturbances in jails "The Conference is of opinion that there is no objection to the use of tear gas provided it is used by trained people"	The recommendation is accepted by the Government of India so far as local conditions permit
26	Occupation for condemned prisoners The Conference is of opinion, Inspectors-General of four provinces dissenting that there is no objection in giving work to a condemned prisoner in his cell provided the prisoner asks for it, and provided it involves no risk to the lives of others and to that of the prisoner	No action contemplated.
27	Recovery of maintenance charges of P. R. T. Prisoners belonging to other provinces "The Conference is of opinion that the existing reciprocal arrangements between different provinces regarding maintenance charges of P. R. T. prisoners should continue"	No action contemplated.
28	Discussion on jail reforms introduced in provinces (No specific resolution was passed)	
30	Revision of sentences by the establishment of Central Review Board in each Province "The Conference recommends that in the matter of review of prisoners there should be a uniform policy in recommending releases and this can only be secured by the establishment of a Central Review or Advisory Board"	No action contemplated.

1	2	3
31	"The Conference recommends that Libraries should be maintained in all jails and prisoners should be encouraged to make more use of them"	The recommendation is accepted by the Government of India so far as local conditions permit
32	"The Conference is of opinion that no previous sanction of higher authorities or of jail boards should be made compulsory for whipping prisoners in the case of prisoners for whom this punishment is allowed by Government"	No action contemplated
34	"The Conference is of opinion that the maximum age of children permitted to stay in jails with their parents should be up to six years"	No action contemplated
35	"The Conference is of opinion that it is not advisable on any grounds, to allow ordinary prisoners to sleep outside in the open at night during summer months"	No action contemplated.
36	"The Conference is of opinion that no punishment of any kind need be abolished because it cannot be enforced. The Conference suggests that the following rule of the Jail Manual of Central Provinces be incorporated in the Jail Manuals of all the Provinces." The Superintendent of the jail may use or require to be used such force as may, in his opinion, be necessary to compel obedience on the part of any male prisoner to any lawful order issued by him"	The Recommendation is accepted by the Government of India so far as local conditions permit.
37	"The Conference agrees that Deputy Superintendents and Jailors should be eligible for promotion to the rank of a Superintendent"	No action contemplated.
38	"The Conference approves of the suggestion of the appointment of male nurses for all jail hospitals"	The recommendation is accepted by the Government of India so far as local conditions permit.
39	"The Conference is of opinion that every attempt should be made to provide facilities for the schooling of children of jail staff near the jail"	No action contemplated
40	Whether experiments have been made in regard to payment to prisoners for good or extra work as suggested by the last Conference by some of the Provinces, and if so, with what results, tanks on which such payments are made and at what rates? The Conference resolved as follows: "The Conference is of opinion that it is desirable to give payment to prisoners for good and extra work done by them in jail" As regards security prisoners the Conference is of opinion that it would simplify administration if the prisoners are not congregated in one jail"	No action contemplated

RETURN OF CASH AND VALUABLES REMOVED FROM THE PERSON OF MR S M. BASHIR AN I N A PRISONER

†1158. *Lala Deshbandhu Gupta: With reference to the replies to parts (c), (d) and (e) of my short notice question asked on 16th November, 1946, regarding the non-return of cash and valuables removed from the person of arrested I N A men, will the Secretary of the Defence Department be pleased to state whether the amount due to Mr S M Bashir, formerly an Indian National Army prisoner, has been refunded to him or not? If not, why not?

† Answer to this question laid on the table, the questioner being absent

Mr. G. S. Bhalja: Government orders have been issued for a refund of the money

TRAINING COLLEGE FOR RECRUITS FOR THE CENTRAL ADMINISTRATIVE SERVICE

1159. *Seth Govind Das: Will the Honourable the Home Member please state

(a) whether it is a fact that the Government of India are going to start a training college for recruits for the Central Administrative Services to replace the existing Secretary of State Services,

(b) if so, when and where the college is going to be started

(c) the principles governing the admission to the college, and

(d) the qualifications that would be insisted upon for admission of students?

The Honourable Sardar Vallabhbhai Patel: (a) to (d) I would invite attention to the reply I gave to Mr Ahmed E H Jaffer's starred question No 965 on the 17th March. The School will provide training for those who are appointed to the All-India Administrative Service on probation after selection by the Federal Public Service Commission.

FILLING OF VACANCIES IN THE SECRETARIAT RESERVED FOR TEMPORARY EMPLOYEES ON THE BASIS OF CONFIDENTIAL REPORTS

1160. *Seth Govind Das: Will the Honourable the Home Member please state

(a) whether it is a fact that Government have decided to fill up the vacancies reserved during the war in the Government of India Secretariat for temporary employees on the basis of the confidential reports of their immediate superiors,

(b) whether it is a fact that the Industries and Supplies Department and the General Headquarters have intimated the result of the confidential reports to the employees concerned to enable them to assess their prospects of permanent retention or otherwise in Government service and

(c) If so, do Government propose to consider the desirability of advising other Departments also to adopt this practice?

The Honourable Sardar Vallabhbhai Patel: (a) No

(b) and (c) Do not arise

FOODGRAINS RATIONS FOR MILITARY PERSONNEL

1161. *Seth Govind Das: Will the Secretary of the Defence Department please state

(a) the quantity of foodgrains allowed per head per day to military personnel,

(b) whether it is a fact that the scale of ration for military personnel is in excess of that for civilians, and

(c) if so, whether in view of the scarcity of foodgrains in the country, Government propose to bring down the scale of rations admissible to military personnel to the level with that for civilians?

Mr. G. S. Bhalja: (a) 21 ozs per day

(b) The civil and military rations are devised for two different purposes. The purpose of the military ration is to fit the Armed Forces to fight a battle tomorrow if need be. The civil ration is not devised for this purpose and no direct comparison between the two rations can therefore be made.

(c) The military ration has already been cut by 3 ozs. It was decided after the fullest consideration that this was the maximum cut that could be accepted without impairing the morale and fighting efficiency of the Armed Forces.

Seth Govind Das: Is it not a fact that the ration of civil population has been much more cut than the ration of the military?

Mr. G. S. Bhalja: The question about the civil rations should be addressed to the Honourable the Secretary for Food Department.

Seth Govind Das: When no war is going on and when the military is absolutely resting in its barracks, is it not proper in the present circumstances of the country to make more cut in the military ration?

Mr. President: This will be a matter for argument.

Mr. Sasanka Sekhar Sanyal: Is it a fact that a section of the Armed Forces made a representation to the military authority that they were prepared to submit to the ordinary civilian ration?

Mr. G. S. Bhalja: I am not aware of any such representation.

RELEASE OF SURPLUS FOOD STOCKS BY MILITARY AUTHORITIES

1162. *Seth Govind Das: Will the Secretary of the Defence Department please state

(a) whether it is a fact that during the war Military authorities were storing two or three years' food requirements at a time,

(b) if so, whether that practice is still being continued, and

(c) if so, whether Government propose to consider the desirability of discontinuing this practice and releasing surplus stocks for civilian consumption?

Mr. G. S. Bhalja: (a) No, Sir

(b) and (c) Do not arise in view of the answer to part (a)

Mr. Manu Subedar: Will the Honourable the Defence Secretary inform this House as to how many months requirements are as a matter of fact being carried by the Defence Department for their men?

Mr. G. S. Bhalja: Reserves—15 days requirements are held at Command Depots. Working stocks—30 to 60 days of indigenous and imported articles as the case may be are held at station supply depots.

PERCENTAGE OF DE-REQUISITIONED LANDS AND BUILDINGS AS COMPARED WITH LAST FIGURES

1163 *Mr. O. P. Lawson: (a) With reference to the Supplementaries arising out of my starred question No 517 asked on 24th February 1947 regarding de-requisitioning of property, will the Secretary of the Defence Department be pleased to state what percentage of buildings and lands has now been de-requisitioned as compared with the last percentage figure indicated to this House in the reply to part (a) of starred question No 67 asked on 30th October, 1946?

(b) Do Government now propose to indicate approximately when all requisitioned properties will either be returned to their owners or acquired by Government?

(c) Are the Advisory Boards adumbrated in the reply to part (d) of starred question No 517, dated the 24th February, 1947 now operating?

Mr. G. S. Bhalja: (a) The total percentage of buildings de-requisitioned up to the end of February 1947 was 82 per cent and lands 41 per cent as compared with buildings 61 per cent and lands 18 per cent up to the end of September 1946.

(b) The attention of the Honourable Member is invited to my answer to part (b) of Starred Question No 517 asked on the 24th February 1947.

(c) All the Advisory Boards except the one at Dibrugarh are now functioning.

Mr. O. P. Lawson: With reference to the Honourable Member's reply to part (c) will he tell the House whether he supplies these Advisory Boards with advice and information whereby they may recommend the removal of personnel from the district in which they operate to other districts where possibly Government accommodation may be available?

Mr. G. S. Bhalja: It will be open to any Honourable Member of the Advisory Board to raise any question which may have any connection with the question of de-requisitioning or the question of acquiring requisitioned property.

Mr. O. P. Lawson: I am afraid the Honourable Member has not replied to my question. These Boards work in certain localities and the necessary information for removal of personnel from the district would not be available to them. I have asked the Honourable Member whether he proposes to supply these Boards with information and advice whereby personnel may be removed from the locality.

Mr. G. S. Bhalja: If my Honourable friend will give any concrete case in which he thinks that personnel can be suitably removed to another place, we shall certainly put the matter before the Advisory Board concerned. But I think it is perhaps going too far to ask the Government to put all cases in which accommodation is requisitioned by them and suggest suitable places for removal of these personnel to other places.

Mr. O. P. Lawson: The Honourable Member's reply invites argument, but in such cases as, for instance, the removal of the Pensions Department from Delhi to Simla, the Advisory Board operating in Delhi could not possibly know what particular accommodation was vacant in Simla, and I again ask the Honourable Member whether, as he supplies this House, he will not also supply the Advisory Boards with information regarding vacant accommodation in other districts?

Mr. G. S. Bhalja: As the Honourable Member has specifically mentioned the case of the removal of the Pensions Branch from Delhi to Simla, the information connected with that question will be placed before the Delhi Advisory Board.

Mr. Manu Subedar: May I know whether Government are taking up the recommendations of the Advisory Board which they made in connection with the Bombay de-requisitioning and whether the Honourable the Defence Secretary will assure this House that those recommendations which were unanimous, will be given effect to at once by the Defence Department?

Mr. G. S. Bhalja: The last meeting of the Bombay Advisory Board was held only a few days ago, and the suggestions made at that meeting are already before the Government for consideration.

Mr. Manu Subedar: Have Government examined the necessity of retaining in every important urban Centre only as many troops and personnel as there were before the war, and of removing the whole of the surplus so as to be able to de-requisition these buildings?

Mr. G. S. Bhalja: I have said that all the suggestions made by my Honourable friend are being sympathetically and actively examined by the Government.

Sreejit Rohini Kumar Chaudhuri: With reference to part (c) of the Honourable Member's reply, namely that all Advisory Boards except the one at Dibrugarh are now functioning may I know when this Board is expected to operate?

Mr. G. S. Bhalja: Very soon. The Board has been constituted, and a request has been made to the President of the Board to convene a meeting at the earliest possible date.

Mr. Sasanka Sekhar Sanyal: May I know from the Honourable Member whether the premises which are taken ostensibly on rent by the Government come within the purview of the requisitioning and de-requisitioning purposes?

Mr. G. S. Bhalja: I think my Honourable friend is referring to hired buildings.

Mr. Sasanka Sekhar Sanyal: Yes, Sir.

Mr. G. S. Bhalja: In that case, it is a private contract between the Department of the Government concerned and the owner of the building. It is open to the owner of the building to ask the occupying department to vacate it if he does not like to continue the contract. I do not think there is any need of raising this question before the Advisory Board.

Mr. Sasanka Sekhar Sanyal: Is the Honourable Member aware that there is a rent control law operating in this country which has exempted the Government from the operation of the ordinary laws of eviction, and therefore although they have taken buildings on hire still they do not come within the purview of ejection clause?

Mr. President. The Honourable Member is asking for opinion on a question of law.

Mr. Sasanka Sekhar Sanyal: No, Sir. In view of the fact that the owners of houses in many parts of the country cannot get back possession as the Rent Control Orders stand in their way, will the Honourable Member consider the desirability of examining this question in order to bring them within the purview of the De-requisitioning Board?

Mr. G. S. Bhalja: Government will consider the suggestion.

REMOVAL OF IMPERIAL LIBRARY FROM CALCUTTA

1164. *Mr. Tamizuddin Khan: Will the Honourable Member for Education be pleased to state

(a) whether it has been decided to remove the Imperial Library from Calcutta,

(b) whether Government are of the strong public feeling against such a proposal and

(c) if so whether Government propose to consider the desirability of making an investigation regarding the merits of the proposal before coming to a final decision?

آنریبل مولانا ابوالکلام آزاد : (اے) معاملہ پر سوچ بچار ہو رہا ہے۔

(بی) ہو سکتا ہے کہ کسی ایسی تجویز کے خلاف کلکتہ میں سخت پبلک فیلنگ

پائی جاتی ہو لیکن میں آنریبل ممبر کو یقین دلانا کہ اسی درجہ کی

پبلک فیلنگ ہندوستان کے دوسرے حصوں میں بھی پائی جاتی ہے۔ اور

وہ کسی ایسی تجویز کے خلاف نہیں ہے۔ اس کے حق میں ہے۔

(سی) اس سے پہلے کہ اسکے بارے میں آخری فیصلہ کیا جاوے گورنمنٹ ضرور

معاملہ کے تمام پہلوؤں پر پوری طرح سوچ بچار کریگی۔

The Honourable Maulana Abul Kalam Azad: (a) The matter is under consideration

(b) There may be strong public feeling against such a proposal in Bengal, but I can assure the Honourable Member that there is equally strong public feeling for it in other parts of India.

(c) Government will give adequate consideration to the proposal before coming to a final decision.

सेठ गोविन्ददास : क्या माननीय सदस्य को यह बात मालूम है कि जिस वक़्त कलकत्ते से राजधानी दिल्ली को बदली गयी, उस वक़्त भी कलकत्ते वाले उसके खिलाफ़ थे। और जबकि राजधानी दिल्ली में है तो जो पुस्तकालय राजधानी का अभी तक कलकत्ते में है वह दिल्ली की राजधानी में आजाना चाहिये ?

Seth Govind Das : Is it in the knowledge of the Honorable Member that the people of Calcutta were even at that time against it when the capital was shifted from Calcutta to Delhi? When the headquarters of the Central Government are in Delhi the Library of the Capital which is at present in Calcutta should also be transferred to Delhi

آریبل مولانا ابوالکلام آزاد : گورنمنٹ کے سامنے اس معاملہ کے تمام پہلو موجود

The Honourable Maulana Abul Kalam Azad : Government have all the aspects of the matter before them

परिचित श्रीकृष्णदत्त पालीवाल : इस बात को खयाल में रखते हुए कि लाईब्रेरी अगर दिल्ली में आजायेगी तो उससे मेरे दोस्त तमीज़ुद्दीन साहब भी फायदा उठायेंगे। क्या गवर्नमेन्ट जल्दी इस लाईब्रेरी को दिल्ली लायेगी ?

Pandit Sri Krishna Dutt Paliwal : Keeping in view the fact that if the Library was transferred to Delhi my friend Mr. Tanuzuddin will also be able to make use of it, will the Government make arrangements to get it transferred at an early date?

آریبل مولانا ابوالکلام آزاد : گورنمنٹ اس معاملہ پر غور کر رہی ہے۔ جہاں تک

جلد ہوگا اس کا فیصلہ کیا جاوےگا۔

The Honourable Maulana Abul Kalam Azad : The matter is under the consideration of the Government and a decision will be reached as early as possible

PERCENTAGE OF MUSLIM OFFICERS IN FINANCE DEPARTMENT SECRETARIAT

1165. *Mr. Ahmed E. H. Jaffer : (a) Will the Honourable the Finance Member please state the percentage of Muslim Officers in Class I and II appointments and other higher selection posts in the Secretariat of the Finance Department?

(b) Are Government aware that the representation of Muslims as Superintendents, Assistants, Clerks, Stenographers etc., falls short of the 1934 award of the Home Department regarding communal representation? If so, why?

The Honourable Mr. Ishaq Ali Khan : (a) The representation of Muslims is as follows

(i) Class I and other higher Selection posts	20.5 per cent
(ii) Class II posts	19.05 per cent

(b) The orders of the Home Department alluded to by the Honourable Member relate to annual recruitment to posts to which direct recruitment is made. The posts of Superintendents are not open to direct recruitment. As regards other posts it is presumed that this part of the question also relates to the Finance Department. If so, except for stenographers the recruitment

†Answer to this question laid on the table, the questioner being absent

up to the year 1941 was all done centrally by the Home Department so that the communal proportion was not observed separately for each Department. Early in 1942 Departments were permitted to recruit temporary personnel in the Ministerial staff from any available source but unfortunately Muslims could not get then full prescribed share in this recruitment because candidates were not available when required and owing to the urgency of the work it was not found possible to keep the vacancies unfilled for long.

As regards Stenographers Muslims could not get then prescribed share on only two occasions.

INDIAN STAFF OFFICERS IN OFFICES OF ENGINEER-IN-CHIEF OF GENERAL HEAD-QUARTERS AND CHIEF ENGINEERS OF COMMANDS

1166. *Pandit Sri Krishna Dutt Paliwal: Will the Secretary of the Defence Department be pleased to state

(a) the number of Staff Officers' appointments in Grades I and II held by Indians and non-Indians in the offices of the Engineer-in-Chief of General Headquarters and Chief Engineers of commands,

(b) the number of such posts held by non-Indian officers which fell vacant since October 1946,

(c) how many of these vacancies were filled by Indian Officers and non-Indian Officers, and

(d) if majority of such vacancies have been filled by non-Indians, the reasons therefor?

Mr. G. S. Bhalja: (a) I lay a statement on the table of the House.

As regards the Engineer-in-Chief's office the information is as follows:

(b) Ten

(c) All vacancies were filled by non-Indians.

(d) Non-availability of qualified Indian candidates. It is hoped to have the post-war establishment in the Engineer-in-Chief's Branch and Chief Engineer's Offices fully staffed by Indian officers upto Staff Officers I grade by October 1947. By this time a number of more senior regular Indian officers will have completed their engineer training, and be available for posting. The re-organization of the M E S will also provide additional officers for posting to some of these appointments.

As regards Commands the information has been called for and will be laid on the table of the House in due course.

Office	S O I			S O II		
	Indian	Non Indian	Total	Indian	Non-Indian	Total
E in C's office	1	14	15	6	36	42
C E's office	2	20	22	6	32	38
Total	3	34	37	12	68	80

Pandit Sri Krishna Dutt Paliwal: May I know what are the qualifications of the Non-Indians appointed?

Mr. G. S. Bhalja: I can say that there are no different qualifications for Indians and Non-Indians. The qualifications required for the Staff Officers I and II Grade Engineer appointments are as follows:

(a) Basic educational qualifications—B Sc Engineering Degree from a recognized University in the case of Indian Officers, and B A Engineering Degree in the case of Royal Engineer Officers.

(b) For Staff Officer I Grade appointments, in addition to the basic educational qualifications mentioned above, a number of years of technical experience is insisted upon. For a II Grade appointment, the number of years experience required is less.

EMERGENCY COMMISSIONS TO REGULAR OFFICERS OF INDIAN MEDICAL DEPARTMENT

1167. *Mr. Tamizuddin Khan: Will the Secretary of the Defence Department be pleased to state:

(a) the number of Regular Officers of the late Indian Medical Department (Indian Cadre) who were granted Emergency Commissions during the war,

(b) the number of these Emergency Commissioned Officers granted or proposed to be granted Regular Commissions in the I A M C,

(c) whether it is a fact that the prescribed medical qualifications for entry into medical services were relaxed for grant of Emergency Commissions,

(d) whether it is a fact that some of the Ex-I M D (I C) Emergency Commissioned Officers were given independent and responsible positions and were placed in command of Medical Units, and

(e) whether Government are considering the desirability of absorbing these Regular Officers of the late I M D (I C) who were granted Emergency Commissions in administrative appointments like Quarter Master, Adjutant 2nd in Command, Officer-in-Charge wing, etc., in the I A M C or in the alternative, of granting them suitable mastering out concessions as reward of their meritorious services during the war as are being awarded to Emergency Commissioned Officers of other Arms and Services in similar cases?

Mr. G. S. Bhalja: (a) 390 officers of the Indian Medical Department (Indian Cadre) were granted emergency commissions in the I A M C and two in the I M S.

(b) None has so far been granted a regular commission in the I A M C.

(c) The prescribed medical qualifications for entry into the commissioned ranks of the Medical Services were relaxed in that licentiate doctors direct from civil practice or from Universities were granted emergency commissions in the I A M C. In order to make the position of members of the Indian Medical Department more equitable, selected officers of that department were also granted emergency commissions in the I A M C.

(d) Some of these officers were given independent positions and were placed in command of very small medical units, namely Staging Sections. Others were appointed officers in charge of X-ray Units which were attached to large hospitals.

(e) It is not proposed to absorb these officers in the administrative appointments mentioned but, as already stated on the 20th March 1947 in answer to starred question No 1068, it is intended that members of the Indian Medical Department should be asked to elect by 1st May 1947 whether they desire to be released from service on 30th June 1947 or desire to revert to their former entitled status in the ranks which they would have reached in the Indian Medical Department on 1st July 1947.

Mr. Tamisuddin Khan: Do the Government propose to give them study leave facilities?

Mr. G. S. Bhalja: Two officers of the Indian cadre and two officers of the British cadre (the latter consists mostly of Anglo-Indians who are nationals of this country) have been selected for graduate training outside India.

EXPECTED ANNUAL INCOME FROM EXPORT DUTY ON TEA

1168. *Sreejot Rohini Kumar Chaudhuri: Will the Honourable the Finance Member be pleased to state

(a) the total annual income expected from the export duty on Tea from different Tea producing Provinces of India,

(b) whether Government propose to distribute any part of this duty amongst the Provinces,

(c) on what principle the distribution, if any, amongst the different Tea producing Provinces will be made,

(d) whether Government are aware that the Jute is distributed between Bengal and Assam on production basis, and

(e) whether the same principle is proposed to be followed in the distribution of export duty on Tea?

The Honourable Mr. Liaquat Ali Khan: (a) The estimated revenue for next year is Rs. 8 crores but it is not possible to allocate it among the Provinces providing the exports

(b) No.

(c) Does not arise

(d) 62½ per cent of the net proceeds of the export duty on Jute is distributed to the Jute producing Provinces in accordance with Section 140(2) of the Government of India Act, 1935 and paragraph 8 of the Government of India (Distribution of Revenues) Order, 1936

(e) Does not arise

Mr. Vadlal Lallubhai: In regard to the answer to part (e) does the Government not propose to set up an _____ for jute?

The Honourable Mr. Liaquat Ali Khan: For the simple reason that this export duty on tea has been put to meet the requirements of the Central Government

Mr. Vadlal Lallubhai: In view of the fact that the Assam budget is a deficit budget and the Assam Province having no other important income, will the Government see to it that Assam is helped in these matters?

The Honourable Mr. Liaquat Ali Khan: I cannot say that Assam will be helped in this matter. But the Central Government are always anxious to help any province which is in difficulty not due to its own actions.

EXCISE DUTY ON BETEL-NUTS

1169. *Sreejot Rohini Kumar Chaudhuri: (a) Will the Honourable the Finance Member be pleased to state the amount of Excise duty levied on betel-nuts grown in different provinces of India in the year ending 31st January 1947?

(b) Are Government aware that in spite of Government instructions to the contrary, Excise duty on uncured betel-nuts, is actually collected in the province of Assam?

(c) If so, do Government propose to refund the same and issue instructions to the officers concerned not to levy any tax on uncured betel-nuts?

(d) What is the amount, if any, spent out of excise duties in Assam for giving marketing facilities and also for the expansion of cultivation of betel-nuts in 1946-47?

The Honourable Mr. Liaquat Ali Khan: (a) A statement is placed on the table of the House

(b) and (c) No The excise is being levied only on betel-nuts which are cured within the meaning of Section 2(c) of the Central Excises and Salt Act, 1944

(d) Proposals for the improvement of the cultivation and marketing of betelnut are under the consideration of the Agriculture Department. No money has been spent for this purpose

Statement of Excise duty collected on betel-nuts in the various provinces in British India during the year ended 31st January 1947

Province	Revenue (In thousands of rupees)
Assam	5,00
Bengal	71,00
Bombay	14,01
Coorg	1
Madras	24,11
All other provinces	Nil
Total for British India	1,11,18

Pandit Sri Krishna Dutt Paliwal: In regard to part (c) may I ask whether the duty on uncured raw betel-nut is being charged in Assam and Malabar and this duty falls heavily on the growers? And if so, whether Government is prepared to exempt the raw betel-nut from the excise?

The Honourable Mr. Liaquat Ali Khan: I said that the excise is being levied only on betel-nuts which are cured within the meaning of Section 2(c) of the Central Excises and Salt Act, 1944

Prof. N. G. Ranga: In view of the fact that this betel-nut tax affects more than several millions of peasants who produce it, and also affects the many more millions of consumers, and also further in view of the fact that the Government gets only Rs. 90 lakhs, will Government consider the advisability of completely abolishing it at an early date?

The Honourable Mr. Liaquat Ali Khan: I am very sorry I am not in a position to give a reply to that question. All that I can say is that as far as it is possible for me, I would take every step to lighten the burden of the poor

Mr. Vadilal Lalubhai: In view of the hardships enumerated will the Government bring a Bill to change the definition of the Section?

The Honourable Mr. Liaquat Ali Khan: Sir, first of all I have to be satisfied that hardship is there

Sreejot Rohini Kumar Chaudhuri: Will the Honourable Member take it from me that the betel-nut is not at all cured in the province of Assam?

The Honourable Mr. Liaquat Ali Khan: If betel-nut does not come into the section to which I made a reference, then no duty can be charged on it

Sreejot Rohini Kumar Chaudhuri: But as a matter of fact, the excise duty has been levied on the ground that the betel-nut growers have not been able to produce an account of the cured betel-nut

Mr. President: I believe that is an executive matter to be taken up with the Department. It cannot form the subject of information by the Government

PROSPECTS OF PROMOTION TO ASSAMESE IN THE CENTRAL EXCISE STAFF DUE TO
COMBINED CADRE FOR ASSAM AND BENGAL

1170. *Sreejot Rhouni Kumar Chaudhuri Will the Honourable the Finance Member be pleased to state

(a) whether it is a fact that there is a combined cadre for Central Excise Staff for Assam and Bengal,

(b) whether it is a fact that recruitment in Bengal had been made much earlier than in Assam,

(c) whether it is a fact that promotion being normally made on the basis of seniority, an Assamese Officer cannot expect promotion to the higher grades for years to come, and

(d) whether it is a fact that a large number of appointments are going to be made in the grades of Inspectors and Deputy Superintendents in the near future, and if so do Government propose to take steps to see that these appointments are made after a separate Collectorate has been formed for Assam?

The Honourable Mr. Luquat Ali Khan: (a) The non-gazetted Central Excise staff in Assam, Bengal and Orissa at present belong to a common cadre but there may be some change in this respect when the organisation in Assam becomes a separate Collectorate on the 1st April this year.

(b) If as I presume the Honourable Member refers to recruitment of Central Excise staff in the Calcutta Collectorate following the introduction of the tobacco excise in 1943 the reply is in the negative but since Assam produces much less tobacco than Bengal the recruitment in Assam was comparatively small until the introduction of the tea excise in the following year.

(c) Promotion depends partly upon seniority and partly upon merit and Assamese officers will have equal chances with their brother officers who were recruited at the same time.

(d) An increase in the number of Inspectors has been sanctioned and recruitment is in progress. A due share of this recruitment will be drawn from Assam.

NON-INDIAN WOMEN IN ENGINEER-IN-CHIEF'S BRANCH

1171. *Sri A. K. Menon. Will the Secretary of the Defence Department be pleased to state

(a) the number of non-Indian ladies working at present in the Engineer-in-Chief's Branch General Headquarters and the qualifications possessed by them for their respective jobs,

(b) whether it is a fact that the Engineer-in-Chief's Branch intend to make their appointments permanent after 31st March 1947, and

(c) whether well qualified Indians are not available in the same Branch to do the work entrusted to these non-Indian ladies?

Mr. G. S. Bhalja: (a) There are four non-Indian ladies employed in the Engineer-in-Chief's Branch the contracts of three of whom are due to expire within the next two months and will not be renewed. The fourth lady clerk belongs to the pre-war permanent grade and is domiciled in India. They were all appointed after taking into consideration their qualifications and experience which were necessary for their appointments.

(b) No, Sir

(c) At the time of their appointment, no Indians of the requisite qualifications were available except at a considerably higher salary. They will, of course, be replaced by Indians now.

† Answer to this question laid on the table, the questioner being absent

EXCAVATION ON AGROHA MOUND IN HISSAR DISTRICT FOR ARCHAEOLOGICAL PURPOSES.

1172. *Pundit Thakur Das Bhargava: (a) Will the Honourable Member for Education kindly state if the Agroha mound in the Hissar district of the Punjab was excavated for archaeological purposes?

(b) Have any valuable articles been discovered? If so, what?

(c) Is there any proposal to start the excavations again? If so, when?

(d) Was any research made to find out the age of the articles found at Agroha? If so, what was the result?

آنریبل مولانا ابوالکلام آزاد: (اے) ہاں! سنہ ۱۹۳۷ اور سنہ ۳۸ ع میں۔

(بی) بارہ فٹ گہرائی کی ایک خندق سے تقریباً چار سو پرانی چیزیں روشنی میں آئی ہیں۔ ان میں برتن ہیں۔ پکی ہوئی مٹی اور تانبے کی مختلف چیزیں ہیں۔ پتھر سے تراشی ہوئی صورتوں کے ٹکڑے ہیں۔ دھات کے ٹکڑے ہیں جو زیب و زینت کے لئے کام آئیں۔ پھسلے کے پتھر ہیں۔ سمرن کے داغے ہیں۔ کوزیاں ہیں اور ہاتھوں میں پہلے کی چوڑیاں ہیں۔ ان کے علاوہ پکی ہوئی مٹی کی ایک چھاپ اور ایک مہر بھی نکالی گئی ہے اور ایک جلا ہوا نوشتہ بھی ملا ہے جو درخت کی چھال پر لکھا گیا تھا۔

تھلے کے پورے کنارے سے گٹھیاں اور مختلف قسم کے برتن نکلے ہیں اور بکوں کی بھی دو چھوٹی چھوٹی ڈھیریاں ملی ہیں۔ ایک مہر چاندی کے پانچ سکے ہیں۔ ایک انتہائی کلدکس کا دوسرا آبیالو قرتس کا۔ تھس! اسٹریٹو کا چوتھا ایمپنس کا۔ بانچوا سکے پنچ مارکڈ ہے جس پر سورج اور درخت کی علامت کھدی ہوئی ہے۔ دوسری ڈھیر میں ۵۵ چوکور تانبے کے سکے پائے گئے ہیں۔

(سی) ہاں جہاں تک جلد ممکن ہے کھدائی کا کام آگے بڑھایا جائیگا لیکن اس بات پر بھی نظر دہلی چاہئے کہ اس طرح کے کاموں کے لئے ہمارا فنڈ ابھی محدود ہے اور ایک خاص حد ہی تک کام بڑھایا جا سکتا ہے۔

(دی) ہاں۔ انڈو گریک اور ایکو ڈاکا سکوں کے نکلے سے اس جگہ کا پرانا ہونا ثابت ہو گیا ہے۔ تقریباً دوسری صدی۔ بی۔ سی۔ کا زمانہ ضرور ہونا چاہئے۔

The Honourable Maulana Abul Kalam Azad: (a) Yes, in 1937-38

(b) About 400 antiquities were brought to light in a trench up to a depth of 12 feet, comprising pottery, terracotta and copper objects, fragments of stone sculptures, plaques, grinding stones, beads, shell bangles, iron implements and other objects including an inscribed clay die, a burnt birch-bark

manuscript and a clay seal

Two pits sunk at the extreme east of the mound yielded a well made of terracotta rings, and 120 portable antiquities comprising pottery and two small boards of coins, one containing five silver coins belonging each to Antialkidas, Appollodotes, Strato, Amyntas and one punch-marked coin with solar and tree symbol, and the other containing 55 mostly rectangular copper coins with an inscription *Igodaka Igacha Janapadasa*

(c) Yes, as soon as possible, but it will, however, be appreciated that funds available for excavation are limited

(d) Yes, the recovery of Indo-Greek and the antiquity of the place to about the 2nd

پنڈت تھاکر داس بھارگو : کیا راجہ اگرسین کا تعلق ان سکوں سے پایا گیا

Pundit Thakurdas Bhargava: Have these coins been found to bear any connection with Raja Ugra Sen?

آنریبل مولانا ابوالکلام آزاد : اس کے لئے نوٹس کی ضرورت

The Honourable Maulana Abul Kalam Azad: I want notice to answer this question

सेठ गोविन्ददास : माननीय सदस्य, क्या इस बात का भी विचार करेंगे कि इस जगह के सिवा अयोध्या और मथुरा दो ऐसी जगह हैं, जहां सूर्यवंशी और वन्द्वंशीयों का राज्य था क्या खुदाई के बारे में इस बात का गौर फरमायेंगे कि ऐसे स्थानों पर इस तरह का काम जल्द शुरू होना चाहिये।

Seth Govind Das: Will the Honourable Member consider that in addition to this place Muttra and Ajodhya are two other places where Suraj Bansi and Chander Bansi dynasties ruled? Will it be taken into consideration in connection with archaeological survey that such work is started at those places at an early date.

آنریبل مولانا ابوالکلام آزاد : بات یہ ہے کہ بہت بھڑا فنڈ اس کام کے لئے دیا گیا ہے

جوہسا کہ میں نے کہا تھا کہ ہمارے وسائل محدود ہیں۔ لیکن تاہم اس پر غور کیا جائیگا۔

The Honourable Maulana Abul Kalam Azad: As I have already said our means are very limited and we have been given very little fund for the work, yet the proposal will receive consideration

ARREARS OF PAY AND PENSION DUE TO CAPTAIN KANHAYA SINGH OF I. N. A

1173. *Pundit Thakur Das Bhargava: (a) Will the Secretary of the Defence Department kindly state if Government has perused the pamphlet *I N A Facts* issued by the I N A Executive Committee, Delhi, in February 1947?

(b) Are the facts published in Appendix F of the above pamphlet about the case of Captain Kanhya Singh correctly stated?

(c) Do Government propose to consider the case sympathetically and pay the pension and the arrears due to the said Captain?

(d) Do Government propose to reconsider their policy in regard to the I.N.A. personnel and respect public opinion by rehabilitating them or at least by ceasing to penalise them?

Mr. G. S. Bhalja: (a) Yes, Sir.

(b) The statements contained in Appendix F of the pamphlet *ma facts* are being verified

It would appear that Kanhya Singh was formerly a Viceroy's Commissioned Officer in the Indian Army. Viceroy's Commissioned Officers of the Indian Army who were members of the Indian National Army and who were not brought to trial by court martial were dealt with through their regimental centres

The service documents of Kanhya Singh will be called for and examined

(c) Government will give full consideration to any representation which may be submitted through the Officer Commanding the Regimental Centre by or on behalf of the ex Viceroy's Commissioned Officer

(d) Government's future policy is at present under consideration

INA OFFICERS EMPLOYED IN PERMANENT SERVICES IN THE GOVERNMENT OF INDIA

1174. *Pundit Sri Krishna Dutt Palwal: Will the Honourable the Home Member please state

(a) the number of I N A Officers so far employed in permanent service in the Government of India,

(b) the number of I N A Officers taken in any vacancy reserved for ex-servicemen in the Government of India,

(c) whether Government propose to insist that those I N A Officers who were regular officers commissioned after Federal Public Service Commission examination before they joined the Indian National Army, should again be examined by the Federal Public Service Commission to be recruited for employment in various Central services, and

(d) if so, whether Government propose to make necessary concession regarding age and experience in the case of these I N A Officers?

The Honourable Sardar Vallabhbhai Patel: (a) and (b) The information is being collected and will be laid on the table of the House in due course

(c) Any Officer who is a candidate for a Central Civil Service must go through the prescribed procedure for recruitment to that Service irrespective of whether he originally obtained his Commission after passing an examination by the Federal Public Service Commission

(d) I N A officers with war-service are eligible for the age and educational concessions granted to other candidates with war service. It is not proposed to grant additional concessions

MUSLIMS IN THE CHEOKI ORDNANCE DEPOT

1175. *Mr. Haiz M. Ghazanfarulla: (a) Will the Secretary of the Defence Department please state what is the total strength of labour and supervising staff at Cheoki Ordnance Depot?

(b) What is the number of Hindus and Muslims separately?

(c) Is there any proposal for retrenchment of the staff or the closing of the depot?

(d) If there is any proposal for retrenchment, do Government propose to keep the ratio of the Muslims according to the assurances given?

Mr. G. S. Bhalja: (a) The total strength of the supervisory staff at Cheokki Ordnance Depot is 2502 and that of labour 9655, making a total of 12157

(b) I lay a statement on the table of the House

(c) It is the intention of Government that Cheokki will remain as a post-war depot. The staff required during the next few months is under examination and at this stage it is anticipated that there will be approximately 1500 employees surplus

(d) Yes, Sir

Statement

The number of Hindus, Muslims and others is as follows

	Hindus	Muslims	Others
Labour	8231	1370	45
Supervisory Staff	1862	575	65
Total	10093	1951	110

APPEAL AGAINST CONVICTION OF SRI BORRA APPALA NARAYANA REDDI OF WALTAN TAIR

1176. *Prof. N. G. Ranga: (a) Will the Secretary of the Defence Department be pleased to state whether Government are aware that Sri Borra Appala Narayana Reddi of Waltan Uplands, Vizagapatam District, who joined the Army in 1935, was court-martialled in 1943 and sentenced to 7 years R I, and is now kept in Rajahmundry Central Jail?

(b) If so, for what offence? What is the history of his career in the Army?

(c) Has he appealed against the conviction? If so, when and to what court?

Mr. G. S. Bhalja: (a) Yes, Sir. Sri Borra Appala Narayana Reddi was convicted by a Summary General Court Martial in December 1943 and sentenced to 14 years' rigorous imprisonment and to be dismissed from service.

(b) The prisoner was convicted on a charge of inciting a mutiny. The history of his career in the Army is not readily available but will be obtained and placed on the table of the House.

(c) In October 1945 a petition from this prisoner against his conviction was considered by the Central Government and rejected.

In June 1946 a further petition from the wife of the prisoner was considered by the Central Government and rejected. Later in the year the proceedings of the trial were reviewed by the General Headquarters Review Board when, as an act of clemency, His Excellency the Commander-in-Chief remitted seven years of the sentence of fourteen years rigorous imprisonment.

A further petition from the wife of this prisoner is now under consideration by the Central Government.

Prof. N. G. Ranga: In view of the fact that two petitions from the prisoner himself were rejected earlier and only on the third petition on account of clemency his conviction has been reduced by 50 per cent, that is from fourteen years to seven years imprisonment, will Government consider the advisability of looking into it more carefully and give the prisoner the benefit of doubt and remit the further period of the sentence that he has got to serve?

Mr. G. S. Bhalja: A further petition which has been received from the wife of the prisoner is now under the consideration of the Government.

Seth Govind Das: In view of the fact that India is on the threshold of freedom and all these persons did something for this freedom, will the Government consider the advisability of remitting all the sentences of such prisoners and release them?

Mr. G. S. Bhalja: My Honourable friend is under a misapprehension. This question does not relate to the I N A prisoners. This case refers to an offence mutiny.

Mr. President: The Honourable Member's question is hypothetical.

Prof. N. G. Ranga: May I know from the Honourable Member by whom is the case being reviewed is it by the Government or by the Commander-in-Chief?

Mr. G. S. Bhalja: I said by the Central Government
COURT MARTIAL OF SRI GOLLAKOTA RAMABRAHMANANDARAO OF PEDDAPURAM,
EAST GODAVARI

1177. *Prof. N. G. Ranga: (a) Will the Secretary of the Defence Department be pleased to state whether Government are aware that Sri Gollakota Ramabrahmanandarao of Peddapuram, East Godavari District who joined the Army, was court-martialled in July 1945, and sentenced to transportation for life, and is now kept in Rajahmundry Jail?

(b) If so, for what offence? What is the history of his career in the Army?

(c) Were adequate opportunities given to him to defend himself?

(d) Has he appealed against the conviction? If so, when and to what court?

Mr. G. S. Bhalja: The information is not readily available. It is being collected and will be laid on the table of the House in due course.

Prof. N. G. Ranga: The Honourable Member's reply only defers the question to the next session. May I ask the Government whether they will try to exercise the same kind of care in regard to this unfortunate prisoner as they propose to do in the case of the prisoner referred to in my previous question, No. 1176?

Mr. President: I am afraid it is premature and hypothetical.

Diwan Chaman Lal: May I know when the Honourable Member received notice of this question since he says that he was unable to collect the necessary information?

Mr. G. S. Bhalja: I think the notice was received a few days ago. Enquiries were made from the General Headquarters. They said that they would not trace the case without information as to the number of the prisoner, the unit to which he belonged, etc. As the particulars required were not available, I sent a telegram to the Superintendent of Jail, Rajahmundry, where the prisoner is said to have been lodged and I got a reply on the 23rd March giving the particulars of this prisoner. Now we shall send for the record of the prisoner and examine it.

Sjt. N. V. Gadgil: May I know whether it is not a practice with the Defence Department to review every six months cases of conviction by court-martials?

Mr. G. S. Bhalja: They are reviewed from time to time. The sentences are of various kinds, and I have not got the exact information as to the intervals at which these cases are reviewed.

Prof. N. G. Ranga: Am I to understand that the records of these people who have been sentenced to transportation for life are not being kept at the General Headquarters and they are at the mercy of the local officials for such information?

Mr. G. S. Bhalja: My Honourable friend is under a misapprehension. If we had got information as regards the number of the prisoner, the unit to which he belonged, etc., we would have been able to trace the case. Here in the question only the name was given and from that alone it was not possible to trace the particulars of the prisoner in question.

CADRE OF THE CANTONMENT DEPARTMENT

†1178. *Dr. Zia Uddin Ahmad: (a) Will the Secretary of the Defence Department please state whether the Cantonment Department is a Civil Department under the Government of India, Defence Department?

† Answer to this question laid on the table the questioner being absent

- (b) What is the cadre of this Department?
- (c) Is the staff of this Department transferable to any allied similar post in India?
- (d) How many applications for transfer have been received by the Government during the last two years and what is the number of transfers sanctioned by the Secretary of the Defence Department or by any authority under his orders?

Mr. G. S. Bhalja: (a) Yes Sir

(b) Officers—29 Establishment—132

(c) No, Sir Only during the War certain officers and clerks were released for temporary military duty

(d) During the last two years three applications were received from officers and 28 from others. Transfers on deputation of two officers and seven clerks were sanctioned

NUMBER OF ASSESSEES TO EXCESS PROFITS TAX IN AGRA, ALLAHABAD AND LUCKNOW

1179. *Mr. Shah Nazar Hasan: Will the Honourable the Finance Member please state

(a) the number of assessees to the Excess Profit Tax community-wise for the years 1942-43, 1943-44 and 1944-45 in the Districts of Agra, Allahabad and Lucknow separately,

(b) the number of assessees to Excess Profit Tax community-wise in the said three districts separately whose accounts were accepted and assessments made in accordance with the profits shown in such accounts, and

(c) the number of assessees to Excess Profit Tax whose assessments for each of the years 1942-43, 1943-44 and 1944-45, in the Districts of Agra, Allahabad and Lucknow were not completed within two years of the submission of their returns?

The Honourable Mr. Liaquat Ali Khan: I lay on the table a statement giving the required information

Statement

Community	AGRA			ALLAHABAD			LUCKNOW		
	42 43	43 44	44 45	42 43	43 44	44 45	42 43	43 44	44 45
(a)									
Hindu	23	29	33	6	8	9	13	14	26
Muslim	3	1	2	1	3	3	3	4	5
Christian	1	1	1						
Parsi						1			
Sikh							1	1	1
Company & Others	5	6	7	1	3	3	4	5	6
Total	31	37	43	8	14	16	21	24	38

*Answer to this question laid on the table, the questioner being absent

Community	AGRA			ALLAHABAD			LUCKNOW		
	42 43	43 44	44 45	42 43	43 44	44 45	42 43	43-44	44 4
(b)									
Hindu	22	23	24	2	3	4	5	7	13
Muslim	1		1						
Christian	1	1	1						
Parsi						1			
Companies & Others	5	6	7	1	3	3	4	5	6
Total	29	30	33	3	6	8	9	12	19
(a)									
Hindu				3	1	1	2	1	
Muslim					1	2			
Sikh								1	
Companies & Others							1	1	
Total				3	2	3	3	3	

COMMUNAL PROPORTION OF OFFICERS OF THE INCOME-TAX DEPARTMENT IN UNITED PROVINCES

†1180. *Mr. Shah Nazar Hasan: Will the Honourable the Finance Member please state the number, community-wise, of the following Officers of the Income Tax and Excess Profit Tax Departments separately in the United Provinces

- (i) Income Tax Officers in charge of Districts
- (ii) Excess Profit Tax Officers
- (iii) Inspecting Assistant Commissioners of Income Tax
- (iv) Inspecting Assistant Commissioners of Excess Profit Tax
- (v) Appellate Assistant Commissioners of Income Tax
- (vi) Appellate Assistant Commissioners of Excess Profit Tax

The Honourable Mr. Liaquat Ali Khan: I lay on the table a statement giving the required information

Statement					
Item	Hindu	Muslim	Christian	Anglo-Indian	Domestic European
(i)	12		1		
(ii)	7	2			
(iii)	1	1			1
(iv)	1				
(v)	3	2		1	
(vi)	2				

† Answer to this question laid on the table, the questioner being absent.

SECRET EXPORT OF ARMS TO INDIA

1181. *Mr. Madandhari Singh: (a) Will the Honourable the Home Member be pleased to state whether the attention of Government has been drawn to the news published in the *Amrita Bazar Patrika* (Calcutta) of the 11th March, 1947 under the heading 'Arms being exported to India through devious means'?"

(b) If so, have Government ascertained its correctness?

The Honourable Sardar Vallabhbhai Patel: (a) and (b) I have seen the press report mentioned but regret I am unable, in the public interests, to make any statement on this subject

ARCHAEOLOGICAL MUSEUM AT TAXILA

1182. *Sardar N. G. Vinchoorkar. Will the Honourable Member for Education be pleased to state

(a) whether there is an archaeological museum at Taxila,

(b) whether the same is safe and intact after the recent disturbances at Taxila; and

(c) what steps Government propose to take to preserve the relics in the museum now and in the future?

آرمیبل مولانا ابوالکلام آزاد . (اے) اور (بی) کا دہاں، جواب ہے۔

(سی) تکسلا کلکشن کی حفاظت کے لئے یہ انتظام کیا گیا ہے:—

(۱) بہت زیادہ قیمتی چیزیں وہاں سے ہٹا لی گئی ہیں۔

(۲) پرمیننٹ پولیس گارڈ جو میوزیم پر دھتا ہے۔ رائفل اور شاٹ گن سے مسلح کر دیا گیا ہے۔

(۳) تھپاکرٹنڈ کا ایک امسر خاص طور پر وہاں بھیجا گیا ہے تاکہ اس جگہ کی چھٹی کچھ حالت ہو اور حفاظت کے لئے جو انتظامات کرے ہوں انکی رپورٹ کرے۔

(۴) تکسلا ڈیپورٹمنٹ لوکل ملٹری اینہاریٹی سے برابر ملنا چلتا رہتا ہے۔

(۵) ڈاولہلڈنٹی ڈیویژن کا کمشنر اس معاملہ سے ذاتی طور پر دلچسپی رکھتا ہے اور صورت حال پر برابر توجہ رکھتا ہے تمام ضروری باتیں جو احتیاط کی کیجا سکتی ہیں، کی گئی ہیں اور وہاں کے صورت حال کی بوری طرح نگرانی کی ج رہی ہے۔

The Honourable Maulana Abul Kalam Azad: (a) Yes

(b) Yes

(c) The following steps have been taken to ensure the safety of the Taxila collections

(i) Certain of the more valuable specimens have been removed from Taxila.

(ii) The permanent Police Guard at the Museum has been armed with rifles and shot-guns

(iii) An officer of the Archaeological Department has been deputed to Taxila to report in detail upon the local conditions and precautionary measures

- (iv) The Taxila Curator is in contact with the local military authorities
- (v) The Commissioner of the Rawalpindi Division has been in touch with the situation and is taking a personal interest in it

All reasonable precautions have been taken and the situation is being closely watched

CONFIRMATION ON TEMPORARY EMPLOYEES IN THE IMPERIAL SECRETARIAT

1139. *Sjt. Seth Damodar Swroop: Will the Honourable the Home Member be pleased to state

(a) whether Government are aware that hundreds of persons who got into the Imperial Secretariat in the years 1937 and 1938 as temporary hands are still employed as such, and have not been confirmed in their posts, because of the promulgation of an order to the effect that no confirmations should be made during the war,

(b) if so, whether it is a fact that these employees are to be considered as being in the same position as those who joined during the war, and

(c) whether Government propose to consider the desirability of exempting them from appearing for the Federal Public Service Examination or substituting Departmental Examination in place thereof?

The Honourable Sardar Vallabhbhai Patel: (a) to (c) The ban on permanent appointments came into effect from the 20th June 1942 only. It did not, therefore, affect the chances of confirmation of temporary employees recruited before the war. They were appointed in temporary vacancies only and on the results of the examination had no claim to permanent appointment. I would in this connection invite the Honourable Member's attention to the reply I gave on the 18th November 1946 to unstarred question No. 79.

RAISING OF AGE LIMIT FOR COMMISSION IN THE INDIAN ARMY

1184. *Sjt. Seth Damodar Swroop: Will the Secretary of the Defence Department please state

(a) whether Government are aware that the Honourable the Vice-President of the Interim Government and the Honourable the Defence Member jointly issued an appeal to the patriotic youths of the country to join the Defence Forces of India in large numbers,

(b) whether Government are aware that the narrow age limit of 19 to 21 years prescribed for Commission in the Indian Army debar many a young man of high ability to respond to the said appeal and serve their motherland, and

(c) whether Government, in view of the changed conditions, propose to consider the desirability of raising the age limit to 23 years?

Mr. G. S. Bhalja: (a) Yes, Sir

(b) and (c) The point raised by the Honourable Member is engaging the attention of Government. It is realised that the present age limit for entry into the Indian Military Academy may debar a certain number of young men, particularly those who continue their studies in order to obtain a University degree. For this reason the raising of the age limit, under certain conditions, is already under consideration.

(b) WRITTEN ANSWERS

PROTEST AGAINST THE MILITARY CAMP AT RAIWALA NEAR HARDWAR

1185. *Sjt. Seth Damodar Swroop: Will the Secretary of the Defence Department please state

(a) whether Government have received any resolution passed by the Ganga Sabha of Hardwar (United Provinces) protesting against the proposal to make the temporary Military camp at Raiwala a permanent one;

(b) whether Government are aware that Raiwala is situated on the Ashikeshi Road near Haridwar, with a temple of Mata Goddess visited by thousands of Hindu ladies and children;

(c) whether Government are aware that an agreement was arrived at between the Government and the Hindu leaders in 1916-17 to the effect that the Ganga Sabha would be duly consulted in future in matters concerning the Hindu pilgrimage to Haridwar and its vicinity, and

(d) if the answers to parts (b) and (c) be in the affirmative whether Government propose to consider the advisability of abandoning the proposal for establishing a permanent Military camp at Raiwala?

Mr. G. S. Bhalja: (a) Yes Sir

(b) Yes Sir

(c) The Provincial Government have been asked for this information, as the Central Government do not appear to have entered into such an agreement. When available, the information will be laid on the table of the House.

(d) It has not yet been decided whether a permanent camp will be established at Raiwala. Before a decision is taken all the factors involved will be given serious consideration.

UNSTARRED QUESTIONS AND ANSWERS

EXPENDITURE ON MAINTENANCE OF EDUCATIONAL INSTITUTIONS BY CENTRAL GOVERNMENT

94. Sri A. K. Menon: Will the Honourable Member for education be pleased to state

(a) the names of the several Educational Institutions (both ordinary and technical) maintained at the entire expense of the Central Government, and

(b) the average annual expenditure incurred in respect of each of them?

The Honourable Maulana Abul Kalam Azad: The required information is being collected and will be sent to the Honourable Member in due course.

CONSTRUCTION OF QUARTERS FOR THE POOR IN JHANDEWALA ESTATE BY THE DELHI IMPROVEMENT TRUST

95. Pandit Sri Krishna Dutt Paliwal: (a) Will the Secretary of the Health Department be pleased to state whether the Delhi Improvement Trust is constructing quarters for poor class people in the Jhandewala Estate?

(b) If so when do Government propose to start the construction of these quarters?

(c) How many quarters will be constructed to provide accommodation for the residents of Tanda, Sadar Bazar, Delhi, which area Government intend acquiring under the Slum Clearance and Development Scheme?

(d) Do Government propose to give an assurance to this House that the inhabitants of Tanda, Sadar Bazar, Delhi will be accommodated in the Jhandewala Estate?

(e) What monthly rent is proposed to be fixed by the Delhi Improvement Trust for these quarters?

Mr. S. H. Y. Oulsnam: (a) A proposal for constructing poor class quarters in Jhandewala Scheme area is under the consideration of the Delhi Improvement Trust.

(b) Construction work will be taken in hand by the Delhi Improvement Trust as soon as the estimates have been sanctioned.

(c) It is not possible at present to state how many persons from Tanda, Sadar Bazar, Delhi will be provided with quarters under the state-aided re-housing scheme in the Jhandewala area

(d) In view of the heavy re-housing commitments of the Trust some of the inhabitants from Tanda, Sadar Bazar, Delhi may have to be accommodated in areas other than the Jhandewala Estate

(e) The rate of monthly rent for quarters to be built hereafter under the state-aided re-housing scheme will be Rs 8

HOUSING OF INHABITANTS OF TANDA, SADAR BAZAR, DELHI, UNDER THE STATE-AIDED RE-HOUSING SCHEME OF DELHI IMPROVEMENT TRUST

96. Pandit Sri Krishna Dutt Paliwal: Will the Secretary of the Health Department please state whether Government propose to give an assurance to this House that the inhabitants of Tanda, Sadar Bazar, Delhi who are not found entitled to Re-housing under the State-aided Re-housing Scheme of the Delhi Improvement Trust will be given an opportunity to purchase plots of land in the same locality at concessional rates instead of being compelled to compete with capitalists in auction?

Mr. S. H. Y. Oulnam: Those owners who are not found eligible for State-aided Re-housing will be given an opportunity of purchasing plots at a fixed rate based on the market value without being compelled to compete in auction

SUGAR EXCISE FUND

97. Sri V. C. Vellinguri Gounder: (a) Will the Honourable the Finance Member be pleased to state the amount of expenditure incurred every year out of the Sugar Excise Fund since it was opened?

(b) What are the objects for which amounts from the fund are disbursed?

(c) How have the various Provinces been individually benefited by the fund?

The Honourable Mr. Liaquat Ali Khan: This question concerns the Department of Agriculture. It has accordingly been transferred to that Department and will be answered by the Secretary of that Department on the 26th March 1947

MOTION FOR ADJOURNMENT

Murder of Muslims near Kotwali, Chindur Chowk, Delhi

Mr. President: What is the position about the adjournment motion may I know?

The Honourable Sardar Vallabhbhai Patel (Member for Home and Information and Broadcasting) Sir, as I suggested yesterday, if my honourable friend considers it would be advisable or in public interest to move this adjournment motion and to have a discussion on such matters it is for him to decide. I do not desire to oppose the motion if my honourable friend wants to insist on its admission. My own personal view is that it does more harm to public interest to bring such motions in the House. Whether the bringing of an adjournment motion for discussing such matters in the House is advisable it is for my honourable friend to decide, and about the admission of such motions it is for you to decide. But when there is such tremendous communal tension throughout the adjoining provinces, in view of the possible repercussions and also especially when there is a big conference going on in the city, I consider that to discuss such matters in the House is highly improper and, to say the least, inadvisable. But, as I have said, it is for the Honourable Member to decide whether to press it or not. If he wants to press the motion I have no objection.

Mr. Muhammad Nauman (Patna and Chota Nagpur cum Orissa Muham-
madan) Sir, I have met the Honourable the Home Member yesterday and
also today with my Deputy Leader Khawaja Nazimuddin and made represen-
tations on the whole situation as it exists in the town today. In view of the
conditions as they are prevailing in the city I do not think that it will be
advisable to discuss the whole thing at this stage. In view of that decision
and in view of the fact that we are representing all the other facts to the
Honourable the Home Member I should think I would not press this motion.

MESSAGE FROM THE COUNCIL OF STATE

Secretary of the Assembly: Sir, the following message has been received
from the Council of State:

"The Council of State at its meeting held on the 24th March 1947, agreed without
amendment to the Bill to provide for the control of rents and evictions and for the lease
to Government of premises upon their becoming vacant in certain areas in the Provinces of
Delhi and Ajmer Merwara which was passed by the Legislative Assembly on the 21st
March 1947."

ELECTION TO STANDING COMMITTEE FOR EXTERNAL AFFAIRS DEPARTMENT

The Honourable Pandit Jawaharlal Nehru (Member for External Affairs
and Commonwealth Relations) Sir, I beg to move

"That this Assembly do proceed to elect, in such manner as the Honourable the
President may direct, ten non-official members to serve on the Standing Committee to
advise the External Affairs Department on subjects pertaining to British Baluchistan, the
Frisal Areas and India's membership of the United Nations Organisation for the financial
year 1947-48."

Mr. President: Motion moved

"That this Assembly do proceed to elect in such manner as the Honourable the
President may direct, ten non-official members to serve on the Standing Committee to
advise the External Affairs Department on subjects pertaining to British Baluchistan, the
Frisal Areas and India's membership of the United Nations Organisation for the financial
year 1947-48."

Seth Govind Das (Central Provinces Hindi Divisions Non-Muhammadan)
Sir, the other day when I moved a cut motion with respect to the Common-
wealth Relations Department I suggested that the Commonwealth Relations
Department and the External Affairs Department should be amalgamated
and the Honourable Member in charge accepted my suggestion. In view of
the fact of that assurance may I know whether it will not be advisable now
to have one Standing Committee for the External Affairs Department
and the Commonwealth Relations Department about which the Honourable
Member is going to move another motion?

Haji Abdus Sattar Haji Ishaq Seth (West Coast and Nilgiris Muhamma-
dan) Sir I just want to know from my Honourable friend why he restricts
this Committee's powers only to these three matters. It is true that when
this Committee was first formed its work was confined only to affairs in
Baluchistan. But that was at a time when this External Affairs Department
was the sole concern of the Governor-General. Now that the whole Depart-
ment has been transferred to my Honourable friend I should suggest to him
that he should not restrict the powers of the Committee to only these three
matters. He should allow the Committee to discuss all the matters which
are administered by the Department of which my Honourable friend has con-
trol. All other Committees that are formed by this House have such powers.
They go over all the matters dealt with by the Department. The terms of
the resolution that have been put down by my Honourable friend make it
necessary for him to make it clear that this Committee will deal with all the
matters with which his Department is concerned.

Prof. N. G. Ranga (Guntur cum Nellore Non-Muhammadian Rural. Sir, I wish to draw the attention of the Honourable Member to the fact that this Committee had never met even once during the last year. Now that this Department is extending not only in its staff but also in the scope of its work and the Honourable the Leader of the House is today practically the Foreign Minister for this Government it is advisable that the terms of the activity that are placed here open for this Committee should be extended so that it would be within the ken of this Committee to discuss foreign affairs and the foreign policy of this Government and offer advice for whatever it is worth to the Honourable the Leader of the House.

Pandit Balkrishna Sharma (Cities of the United Provinces Non-Muhammadian Urban) Sir, I should not have liked to intervene but for the statement of my Honourable friend Seth Govind Das. He has suggested that the Committee for the External Affairs Department as also the Commonwealth Relations Department should be one. I think it will be highly undesirable to have any such Committee whose scope should extend to cover these two Departments. The Commonwealth Relations Department and the External Affairs Department may be under one Minister. But the work of the two Departments is so different that it cannot be mixed together. Therefore it will not be desirable to have one Committee for the purposes of discussing these two Departments.

As regards the suggestion made by my Honourable friend Mr Sattar Seth regarding the extension of the scope, that some other matters might also be included, I think the motion, as has been worded, does not exclude any matter regarding foreign relations to be discussed by the Committee. I therefore think that it should not be permitted to extend the scope of the Committee and that the House should accept the motion as has been proposed by the Honourable the Leader of the House.

The Honourable Pandit Jawaharlal Nehru: Sir, with regard to the point raised by Seth Govind Das it is a fact that we are amalgamating the two Departments. In fact the decision has been taken and we are in the process of amalgamating them. But we found that it would be not advisable, even after this initial amalgamation, to keep most of the subjects separate. There are certain common subjects which we are going to deal with in a common manner. For the rest, as a first step, we propose that the two Departments in effect will be dealt with separately. Later on the next step, may be after two or three months will be a further amalgamation. A sudden amalgamation might upset the whole thing. In fact the work is territorial and the various territories dealt with by the two Departments are separate. The only question that really arises are about some of the superior officers as to how they should be fixed up after the amalgamation. As I said we have for the present considered it more desirable to tackle certain subjects in a common way and for the rest to carry on as we are carrying on, and take the next step a little later. We feel also that probably it would be advisable to have two Committees. I have no objection to one Committee, but two Committees will be able to pay more attention to the specific subjects and territorial areas. Even from the point of view of convenience and expediency I would suggest two Committees. As to the amalgamation, as I have said, we have agreed and we are putting it into effect, but it will be by steps.

As regards the other point raised by two Honourable Members about the scope, the language used in this motion that I have moved is an identical reproduction of the language previously used. I entirely agree that the scope of the External Affairs Department has largely increased and so far as I am concerned the Standing Committee should certainly discuss the many other matters that come up before the External Affairs Department. I have no personal objection to changing the wording of this, so as to include those other

[Pandit Jawaharlal Nehru]

matters in its scope but I should like to place this before the House. There are many matters concerning foreign affairs which are supposed to be very secret and which we cannot even inform sometimes our own colleagues about it. It is not a question of secrecy with our own people but secrecy in regard to the rest of the world. If it gets into a paper, there will be difficulties. Even in the case of a point which is agreed to, it must not be known to anybody till it is formally announced simultaneously in the two countries. If there is a leakage of matter, important diplomatic repercussions may follow. Therefore while I am perfectly prepared to change the language of this motion in order to bring within its scope such subjects as come before the Department, I should like the House to consider this fact that many matters may not be able to be put up before the Committee. I am prepared to change the wording on those lines, if the President permits me.

Mr. Manu Subedar (Indian Merchants Chamber and Bureau Indian Commerce) With this assurance of the Honourable the Leader of the House, can we not leave the position as it is and see in practice how it works for a year? The wording need not be changed now. On this debate and clear assurance given by the Honourable Leader of the House, the wording may remain as it is and such other topics as members choose to bring up will be dealt with by this Committee, if they do not fall within the limitations suggested, which we all appreciate.

Mr. President: There is also a technical difficulty. Unless the particular rule is changed it will not be possible to expand the scope but as Mr. Subedar has said other matters may also be brought before the Committee by convention and the scope may be extended in practice.

The question is

"That this Assembly do proceed to elect, in such manner as the Honourable the President may direct, ten non-official members to serve on the Standing Committee to advise the External Affairs Department on subjects pertaining to British Baluchistan, the Tribal Areas and India's membership of the United Nations Organisation for the financial year 1947-48."

The motion was adopted.

ELECTION TO STANDING COMMITTEE FOR COMMONWEALTH RELATIONS DEPARTMENT

The Honourable Pandit Jawaharlal Nehru (Member for External Affairs and Commonwealth Relations) Sir, I move

"That this Assembly do proceed to elect, in such manner as the Honourable the President may direct, ten non-official members to serve on the Standing Committee on Commonwealth Relations during the financial year 1947-48."

Mr. President: The question is

"That this Assembly do proceed to elect in such manner as the Honourable the President may direct, ten non-official members to serve on the Standing Committee on Commonwealth Relations during the financial year 1947-48."

The motion was adopted.

ELECTION TO STANDING COMMITTEE ON PILGRIMAGE TO THE HEJAZ

The Honourable Pandit Jawaharlal Nehru (Member for External Affairs and Commonwealth Relations) Sir, I move

"That this Assembly do proceed to elect in such manner as the Honourable the President may direct, five Muslim members to sit on the Standing Committee on Pilgrimage to the Hejaz."

Mr. President: Motion moved

"That this Assembly do proceed to elect, in such manner as the Honourable the President may direct, five Muslim members to sit on the Standing Committee on Pilgrimage to the Hejaz."

Mr. Sasanka Sekhar Sanyal (Presidency Division Non-Muhammadan Kural). May I know whether there is any legal or constitutional bar to the appointment of a non-Muslim as a Member of this Committee and whether Government have any objection to a non-Muslim member asking to serve on this committee?

Khan Abdul Ghani Khan (North West Frontier Province General) I represent the Congress Party on this Committee. It used to be presided over by a non-Muslim, Mr. Banerjee before and now the Honourable the Leader of the House. I think there is no need to have purely Muslim members on this Committee. They merely make arrangements for the transport and accommodation of pilgrims and I would very gladly give my seat on the committee to my friend Mr. Sanyal.

The Honourable Pandit Jawaharlal Nehru: I do not know what the constitutional precedents are in this matter but it was thought that as the pilgrims concerned are Muslim colleagues and friends in the country, they should have the largest say in the matter. Otherwise there is no bar to the appointment of a Non-Muslim.

Mr. President: This is in pursuance of the previous precedents. The matter may be considered for the next year.

The question is

"That this Assembly do proceed to elect, in such manner as the Honourable the President may direct, five Muslim members to sit on the Standing Committee on Pilgrimage to the Hejaz."

The motion was adopted.

ELECTION TO STANDING COMMITTEE FOR COMMERCE DEPT

The Honourable Mr. I. I. Chundrigar (Commerce Member) Sir, I move

"That this Assembly, in such manner as the Honourable the President may direct, ten non-official members to serve on the Standing Committee to advise on subjects with which the Department is concerned."

Mr. President: The question is

"That this Assembly do proceed to elect, in such manner as the Honourable the President may direct, ten non-official members to sit on the Standing Committee to advise on subjects with which the Department is concerned."

The motion was adopted.

Mr. President: I have to inform Honourable Members that the following dates have been fixed for receiving nominations and holding elections, if necessary, in connection with the following Committees, namely:

	Date for nomination	Date for election
1. Standing Committee for the External Affairs Department	27th March, 1917	1st April, 1917
2. Standing Committee on Commonwealth Relations	Ditto	Ditto
3. Standing Committee on Pilgrimage to the Hejaz	Ditto	2nd April, 1947
4. Standing Committee for the Department of Commerce	Ditto	Ditto

[Mr. President]

The nominations for all the four Committees will be received in the Notice Office up to 12 Noon on the dates mentioned for the purposes. The elections, which will be conducted in accordance with the Regulations for the holding of elections by means of the single transferable vote, will be held in the Assistant Secretary's room in the Council House, between the hours of 10-30 a.m. and 1 p.m.

DEATH OF DR. SIR AZIZUL HAQUE

The Honourable Pandit Jawaharlal Nehru (Leader of the House) Sir, the House is probably aware that one well-known ex-Member of this House passed away two days ago. I am referring to Sir Azizul Haque. Personally it was not my privilege to be associated with him in any activities here or elsewhere. So, I cannot speak from personal acquaintance. We are all aware of the eminent place he held in the educational and the political field and there must be many members present here who were associated with him in his work and it is fitting that owing to his sudden and tragic death we should record our sorrow and send a message of condolence to his family.

Mr. P. J. Griffiths (Assam European) I rise to associate this Group with the message of condolence to which expression has been given by the Honourable the Leader of the House Sir Azizul Haque who was well-known to most of us here, played an outstanding part in many spheres of public life—first in Bengal, then here, then again in Bengal. He had a high reputation for integrity, devotion to duty and zeal for public service. Those of us who come from Bengal knew him particularly well and I myself regarded him as a close personal friend. We deeply deplore his loss and we request that you, Sir, will convey our sense of loss and our condolence to the bereaved relatives.

Khwaja Nazimuddin (Burdwan and Presidency Divisions, Muhammadan, Rural) I, on my own behalf and on behalf of my party, would also like to be associated with the previous speakers with reference to the sad death of Dr. Azizul Haque. He was a personal friend of mine. He was a colleague of mine in the Bengal Government. He made his name first of all in the Lothian Committee, later on as Minister for Education, Speaker of the House, Vice-Chancellor of the Calcutta University, High Commissioner for India in England and last of all as Commerce Member of the Government of India. He earned the respect of all those who came in contact with him and he rose to this high eminence by sheer ability and merit. From the very young age, while he was a student in the college, he took part in the political discussions of those days and I believe as early as 1906 he went to Dacca when the Muslim League was being formed. He was one of those persons whom everybody liked. He was simple in habits and manners and his personality was such that everybody who came in contact with him loved him and admired him. We consider India and Muslim India in particular has suffered a great loss by his premature death.

Mr. President: I associate myself with all that has been said. I first came in contact with Dr. Sir Azizul Haque as the Speaker of the Bengal Assembly during the Speakers' Conference in January 1938 and ever since that time I have had very close relations with him. I found him very competent, painstaking and a person who knew his subject very well. That was how he impressed us all. The most difficult work of drafting the Privileges Bill was, therefore, entrusted to him and he took pains over that. I need not add anything more. The loss is indeed great and many of us feel the loss as a personal one. I will, as desired by the House, surely convey to the members of the family of the deceased the deep sorrow which this House feels on account of his demise.

INDIAN FINANCE BILL

Mr. President: The House will now proceed with the following motion

'That the Bill to give effect to the financial proposals of the Central Government for the year beginning on the 1st day of April, 1947, be taken into consideration'

The Honourable Mr. Liaquat Ali Khan (Finance Member) May 1, Sir, make a short statement with your permission? Yesterday my Honourable friend Mr. Joshi asked me as to what was the mood attitude of the Government with regard to the two Bills that had emerged from the Select Committee, I mean the Business Profits Tax Bill and the Capital Gains Tax Bill, and I promised that I would make a statement as soon as possible, so that Honourable Members may know the exact position before further discussion on the motion which I had moved yesterday proceeded. The Government have given very careful consideration to the reports as well as the minutes of dissent on these two Bills. The Government have noticed that there is a great difference of opinion amongst the various sections of this House over these Bills. To their desire and anxiety to get the support of all the sections of the House for the budget proposals the Government would be willing to accept certain amendments in these two Bills.

First of all, I would refer to the Business Profits Tax. The Government would be willing to accept an amendment to the effect that with regard to abatement as provided in clause 2(1)(a), instead of 6 per cent and 5 per cent, a uniform figure of 6 per cent would be acceptable. With regard to the rate of tax, instead of 25 per cent, a rate of 16 $\frac{2}{3}$ would be acceptable to the Government. If Honourable Members would move amendments to that effect the Government would be pleased to accept them.

With regard to the Capital Gains Tax, the Government would be willing to accept an amendment to exclude personal effects from capital gains. I hope that every section of the House will now be able to give their support to the budget proposals which were placed before them for their consideration.

Prof. N. G. Ranga (Guntur *cum* Nellore Non-Muhammadan Rural) Mr. President Sir, it is my privilege to congratulate the Government as a whole upon the agreed compromise they have reached. It is indeed a very strange thing under the strange circumstances in which we have had to live that financial proposals should, first of all, have been formulated and then later on the Government as a whole should come to consider them and then come to such proposals as would meet the wishes of all sections of the House. Anyhow, better late than never. I am glad that at least this Government has begun to function as one Government and it has begun to do so on the most important and crucial issue.

Sir, the Honourable the Finance Member himself did not claim to be a socialist and therefore his budget proposals cannot be considered as socialistic at all. If anyone in the country were to consider them as socialistic proposals, then he is either living in a sort of dreamland or he is indulging in wishful thinking. I am told by several people that myself and several of my colleagues were attacked for the part we played in the Select Committees because they felt that we were not playing the role as socialists. I can assure you and the House that I continue to be just as hard-boiled socialist as I had ever been.

Dr. Zia Uddin Ahmad (United Provinces Southern Divisions, Muhammadan Rural) In words only!

Prof. N. G. Ranga: Yes, in words only. I thought that we were going to witness the repetition of English experience where the Conservatives were trying to do down the Liberals and the Liberals the Conservatives and in the end it was the working classes who were benefited. But I found actually as our work in the Select Committee was progressing that it was not the working classes or the peasants who were progressing or who were being benefited but

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rather the very capitalistic interests, of whom my Honourable friend Dr. Zia Uddin Ahmad happens to be the tail-end and various others in this House who have never happened to be very important sections. They gain much more than anybody else. We have been accustomed to the fact that when ever budget proposals are made and financial proposals are brought forward before the House, the experts behind the Finance Member are supposed to know what they are talking about. It came as a sort of shock to me to be told by the Finance Member and his own experts that it was a sort of guess work on their part, that they had no definite idea at all in regard to which particular tax proposal was likely to bring how much money and in what manner and what might possibly be the repercussions of the effects of their taxation proposals upon the tax paying public as well as others in this country. It is because of the inefficiency of the Central Board of Revenue and of his budget staff and the experts behind my Honourable friend the Finance Member that these proposals have had to be modified in the manner in which they came to be modified. Otherwise these proposals, even as they were being placed before this House would have been entirely different, very much unlike what they are today. That is one reason why I found it impossible to agree with my Honourable friend in the Select Committee. I need not go beyond that in regard to the activities of the Select Committee.

There is also one other reason and that is I have already stated in my Supplementary Minute of Dissent. The E.P.T. was abolished last year by the British Finance Minister. We were opposed to its abolition. The Congress Party as a whole was opposed to its abolition, whatever might have been the views of capitalists outside this House. In spite of it, it was withdrawn. Now, this year, these capitalists themselves, whatever might have been their own internal quarrels and schisms and conflicts, came forward and said to the general public including the Finance Minister that they would be prepared to go back again to the levy of E.P.T. and offer him the levy a much greater payment than the Honourable Member himself has claimed to be able to get out of this B.P.T. It became a sort of mystery to me why it was that when he could possibly get more money from E.P.T. than from B.P.T. that the Finance Member was keen on retaining the tax on B.P.T., and not revive the E.P.T.

The Honourable Mr. Liaquat Ali Khan: I will tell you.

Prof. N. G. Ranga: I dare say he will tell the House that he wanted to do justice between one section of businessmen and another section of businessmen that one section of businessmen were getting off rather lightly under E.P.T. and therefore he wanted to put something more on their shoulders because they could bear more than the lightened burden on the smaller people among the capitalists themselves. Sir I have discussed this with European capitalists also. I have come to this conclusion that it is the man who wears the shoe who knows where it pinches. As far as they are concerned, they are all united and they have made their suggestions to the Honourable Finance Minister that they would rather go back to E.P.T. than have B.P.T. Even in the case of E.P.T., they suggested that the deficiency clause in the old E.P.T. Act might be dropped and they also made several suggestions for filling up the gaps and completing the deficiencies so that the Honourable the Finance Member might be able to get much more money.

Now, Sir I come to the point of direct taxes and indirect taxes. I agree with the Honourable the Finance Member on his insistence that as far as possible money should be taken from out of direct taxation than out of indirect taxation. I also glad that this year he has levied all these additional taxes on the rich people alone, and has not imposed any new tax upon the poor people.

But I am not quite so happy because he has not withdrawn some of the taxes that still fall upon the poor people. So far as the central excise is concerned, it is yielding eight times more than what it used to yield before the war. No relief is given to the smaller people. Only this morning at question time, I had drawn his attention to the fact that he is getting only 90 lakhs after hitting several millions of producers on the one side and many more millions of consumers on the other who use this betel nut, which is the only luxury of the poor people. He gave some poor consolation, when he said that he would certainly try to withdraw as many of these taxes as fall upon the poor people. I do not know when.

The Honourable Mr. L'aquat Ah Khan: As far as possible

Prof. N. G. Ranga: That is the sort of axiom behind which anybody can take shelter. My Honourable friend the former Finance Member had done so and I do not know what the fortunes of the present Finance Member will be.

The previous Finance Member had promised to constitute what is known as the Taxation Enquiry Committee which the present Finance Member has not yet appointed. I suggest that it should be appointed at the earliest possible moment. It should not be only a sort of expert committee. Why do I want such a committee? I want it in order that tax proposals as the P.P.T., Capital Gains and similar taxes can be examined by the committee and after proper discussion, they can suggest in detail what taxes should be levied. Then the capitalists would not be able to have as justifiable a complaint as they have this time, namely that they have not been given any sort of warning at all, they have not had even a chance of discussing the advisability or otherwise of these taxes being levied, that their funds were not at all protected, that there was a sort of depression in industrial shares and so on.

There is one other matter which the Finance Member should bear in mind. It is not enough that you do not draw any more tax revenue from the poor people. The more important thing is that you should be able to raise taxes from the rich people and spend this money for the benefit of the poor people.

That is the only way in which you can possibly distribute, or constructively redistribute, the wealth that you derive from taxes.

What I find is a negative redistribution of wealth. You simply take this money and spend it on what? You spend it on the maintenance of a big and highly paid staff of officers. This money is taken from the rich, from the middle class and the upper middle class and also from the lower middle class to some extent and spend all that on the bloated salaries of the officers of the Government departments.

Just now the House mourned the death of a former colleague of ours, Sri Azizul-Haque. He was a great champion of the peasants as well as handloom weavers. He was the author of a book, 'The man behind the plough'. I liked him for this book. What does the Honourable the Finance Member propose to do for the uplift of the peasants and the handloom weavers? What has happened to the subvention of five lakhs to handloom weavers which was being given for a period of 15 years. Now, I do not see any such subvention for the development of handloom industry. Even the money that was formerly given is now withdrawn. Without such help, how does he expect to build up the Co-operative Societies for the handloom weaving industry? I do not find money for many other useful items of industry. There was a grant formerly for cotton growers in order to maintain the bottom prices payable for cotton. What does the Honourable the Finance Member propose to do for that? There used to be protection for sugarcane growers and for the development of co-operative marketing. Many of these beneficent items are missing from this year's budget. Then the Honourable Member has made a provision to spend about 80 lakhs upon improvement of urban housing. What

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does he propose to do for rural housing? For the housing of *Harigans* and other agricultural workers in rural areas, there is no provision at all

Some years ago, Sir James Gigg made a provision of one crore for rural development. The following year he gave 1.80 crores and we were hoping that this grant would become an annual feature. But I find no provision is made under this head in this year's budget.

The Honourable Mr. Liaquat Ali Khan: I am given 45 crores

Prof. N. G. Ranga: I am coming to that soon. My Honourable friend boasted that he is giving 22 crores as subsidies for food. In answer to a question I was told the other day that this subsidy was benefitting both the rich and the poor. There is the socialist's gift for the rich people in Aligarh University. That is the sort of subsidy he is giving to the so-called poor people at the cost of the masses of this country.

Dr. Ziauddin Ahmad. That is why I suggested that the Food Department should be abolished.

Prof. N. G. Ranga: You will suggest many more unreasonable things. I have no time to refer to all of them. These 22 crores subsidy has got an awful edge. It is utilised in order to depress the price of our agricultural products. I wish to warn the Honourable Finance Member that if he were to depress the agricultural prices of this country, if we were to depress the purchasing capacity of the great mass of agricultural masses in this country, then the very industrial development and commercial development which he is dreaming of will be mere moonshine. Without increasing the purchasing capacity of the agriculturists, how can you benefit the manufacturer? If the agriculturist faces economic depression and thus loses his purchasing capacity, of what earthly use is your industrial development because there will be nobody to purchase the manufactured goods.

Then there is the question of nationalisation. My Honourable friend said that he is going to nationalise the Reserve Bank. It is the easiest possible thing for him to do. Why not say, 'I am going to nationalise the railways also?' They are already nationalised. The Reserve Bank is three-fourth nationalised. The only difference is that hereafter the Honourable Member will be able to control it without having to consult the various shareholders and their directors. I wish to make a suggestion to him. I am glad he is nationalising it, but nationalisation by itself is not enough. It must be a democratic nationalisation. It means that you must associate with every institution that you nationalise as many representatives of the general public that are effected by that particular institution as possible so that it will be possible for you to know the impact of the activities of your own nationalised institutions upon the public that they cater to. Therefore the Planning Advisory Board over which my Honourable friend Mr. Neogy presided have suggested that certain industries should be nationalised. My Honourable friend has not said a word about it. It is suggested that in the first instance coal, mineral oils, iron and steel, motor, air and river transport should be nationalised. Some were accusing us that we were agents, paid or unpaid, of Indian capitalism. Big business? Here is big business. Why is it that my Honourable friend has not thought of getting at the very throat of this big business where crores and crores are being made as profits and which the Indian State can possibly take? The whole production has been so much standardised that there is no case for any private enterprise to make any experiments or anything like it and therefore the State can easily take it over. But when they do take it over I want Government to see that they provide for democratic control of that nationalised industry.

Then I come to the question of planning. It is on this score that I wish to join issue with my Honourable friend and I part ways with him. He does not believe in central planning, he believes only in regional planning. What sort of regional planning? Should we not have all these regional plans co-ordinated and fitted into a national plan? But unfortunately he does not believe that India is a nation but that in India there are two nations. Even if there were to be two nations should not these two nations have their own two separate national plans, and these plans again fitted into one big over-all plan so that we may have co-ordinated economic development for the whole of India? But he does not think in these terms. On the other hand this Planning Board has suggested that there should be a national planning commission with three organisations,—a central statistical office, tariff board and scientific consultative committee. But when is the Honourable Member going to do it? He says he has provided 50 or 60 crores of rupees and he has also given a lot of details about schemes costing over 10 lakhs of rupees. We find mentioned so that the whole list can be made to appear a very big thing. He says he has set aside about 90 crores as a sort of capital budget. But I want to know what will be the result of all this expenditure. If it is not co-ordinated you will have lop-sided development. Sugar industry here in Bihar and U.P., sugar industry in Madras,—all provinces competing one with the other,—and very soon you will have economic depression merely because there is too much production of one particular commodity and too little production of another commodity. Therefore there will be ill-distribution of your own capital wealth between different enterprises and economic depression will result again in unemployment and further depression of the standard of living of our own people.

Then I come to the other question. He says that his experts are not efficient experts, they themselves claim that they do not have sufficient trained staff. But who prevented them from having that trained staff? We have not been able to prevent the other departments from swelling and swelling. Why do not these people provide themselves with an efficient staff? It is because his department is not sufficiently and efficiently staffed that all these other departments have swollen like that, otherwise they would have been able to prune them and effect an economy cut of 5 or 10 per cent. We are told on very good authority that the Defence Department was accepting a lump-sum cut of 10 per cent. They did not have it and therefore the department has swollen. I do not wish to go into all that just now. I only say this by the way that the defence budget has swollen to such an extent that it is much higher today than what it was one year after the war began. It is only 80 crores less than what it was in the worst period of the war, i.e., 1942-43, it is even higher than what it was even in the second year of the world war. Is that a compliment to my Honourable friend and his budget? Certainly it is not. They themselves have admitted that they have a lot of recoveries to make—20 crores for one city alone—Bombay, and another 25 or 30 crores from the rest of India. Forty-five crores they have yet to get and still they come here with these financial proposals and want more and more money.

I agree with him on one point only, namely, that the budget should be balanced this year. On that I agree with Dr. John Mathai also, but that does not mean that every year the budget should be balanced. I do not subscribe to that view at all. But this year there is money and therefore balance it, so that when next year comes or if another economic depression faces you will not be obliged to find money not only for this year's deficit but also for later years.

Sir, I want my Honourable friend to make one innovation. I do not know why he has not done it because he is not unaware of that particular suggestion. Last year we made it. We want a five-year plan. We want a three-year

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budget at least. But he does not make any beginning. The Government estimates alone for a five-year planning for the whole of this country come to over a thousand crore budget. Two hundred crores he should have been able to make provision for, even more in fact in the first one or two years. And I find only 80 crores as a sort of capital budget, taking all sorts of things together. Therefore I say that my Honourable friend instead of succeeding has failed miserably.

The only thing is that he is a very good propagandist. He has borrowed many of our own principles and he has retailed them very nicely, and on top of it with the coping stone of a *Quranic* injunction. I agree with him so far as the *Quranic* quotation is concerned, but the worst of it is that his practice belies his professions.

An Honourable Member: He is a landlord.

Prof. N. G. Ranga: Not as a landlord alone, I have no objection to his being a landlord because I am abolishing landlordism.

His budget estimates have been said by very many people to be underestimates. I agree with them. Even last year we complained in the same way, and then also Sir Archibald Rowlands said that we were all wrong. But I have got facts and figures here to show that the revised budget has shown in one item alone—revenue from income-tax—six crores of additional revenue. That is the usual trick of the inefficient Finance Department to underestimate revenue and overestimate expenditure, and afterwards to come and tell us that their deficit has not been so very great or there had been no deficit at all and so we should congratulate them. Sir, I am not prepared to congratulate his department. I used to think that because he belonged to my own party, my Honourable friend Mr. Mannu Subedar was not such a great expert as those experts of my Honourable friend. But to my great surprise I found that Mr. Mannu Subedar was the man who was in possession of all the facts in regard to business conditions in this country. Whereas my Honourable friend there was saying that from the capital gains tax he would get only Rs. 2½ crores my Honourable friend Mr. Mannu Subedar was able to say—without the department being able to refute his facts—that they would be able to collect not less than 20 crores. What does that mean? I do not want to make a free gift of my own rich people's money which I can take any time I like when I am in a better position not only to tap it but to make use of it for better purposes than my Honourable friend proposes with a national plan in sight. I do not want to make a free gift of that money to these gentlemen to be wasted on these various departments which are not so very efficient. My Honourable friend and Leader Sardar Patel exclaimed the other day, "Show me a department which is not corrupt." I do not want my money to be wasted on such departments and in this way. If we pass these Bills and at the end we present the Honourable Member with a surplus and plenty of money to spare what is he going to do with all that money? Where is the guarantee that he will utilise that for national planning? He is giving money to Bengal because of natural vicissitudes and to Madras and some other provinces for them to waste as they like. Only yesterday my honourable friend, Mr. Maitra, was drawing attention to the inefficient way, almost bordering on corruption in which large funds were wasted away in Bengal by the Bengal Government, and the Public Accounts Committee of which I happened to be a member, drew attention indeed censured the manner in which the money was being wasted in Bengal. Is it for this that he wants my co-operation to get all this money? I want all this money from Mr. Tyson from Sir Cowasjee Jehangir and from members of my own Party, and from Mr. Tallubhai with the co-operation of my Honourable friend and my party in order that every rupee of it might be utilised to produce two three or five rupees worth of consumers' and producers' surplus.

Sri T. V. Satakopachari (Tanjore *cum* Trichinopoly Non-Muhammadian Rural) I feel rather restricted in this debate. If I remember correctly, when Mr. Maithia opened this debate, the Chair wanted his remarks to be confined purely to the taxation proposals and that they could be criticised, but not the future policy or policies. But I think, Sir, I may humbly submit that it has been the precedent and also the practice in other Houses like the House of Commons, to enlarge upon the criticism by including all the recent policies and policies of the parties as well as the country. I would crave you, Sir, to give us this opportunity here also.

Mr. President: The Honourable Member seems to be under some misapprehension. He can cover all subjects of administration but that does not mean that he will go beyond the administration and future policies which are not the concern of this House. If Members will bear in mind, that distinction they will be within their rights in addressing on any subject with which the Government of India is concerned.

Pandit Lakshmi Kanta Maithia (Calcutta Non-Muhammadian Urban) May I draw your attention to the fact that all along since I have been in the Legislative Assembly since 1935 down to 1945, if you will kindly turn over the pages of the debates on the Finance Bill you will find that discussion on political matters has occupied most of the time of the speakers. My friend the Finance Member, sitting there and the late Mr. Bhulabhai Desai made 99 per cent. of their speeches political and less than one per cent. financial. You will also find long discussions on Pakistan and in 1945 particularly the debate in which my friend, the Finance Member took part the main theme was the League and Congress Pact and so on. That all related to future political arrangements.

What I am going to submit to you, Sir, is that the Finance Bill in all countries including this House furnishes members the right and opportunity to have a free discussion on all matters on the principle of redressal of grievances before supplies. If we are restricted to make speeches only on the budget, it means we have to repeat over again the arguments we had advanced in connection with budget. That means repetition of all things that have gone before. I am therefore submitting that you as the custodian of the rights and privileges of this House should see to it that you do not restrict the liberty of the members to speak on subjects which concern them most. After all, the Finance Bill is the only occasion on which they can make their grievances heard. I was very much pained by your ruling yesterday but as I am a strict disciplinarian myself, I implicitly obeyed your ruling. I hope in future, you will take this aspect into consideration and not unnecessarily restrict members in their speeches in connection with the Finance Bill because it touches the very liberties of the Members of this House.

Mr. President: The Honourable Member has submitted whatever he had to say on the merits of the case. He need not repeat the arguments.

Pandit Balkrishna Sharma (Cities of the United Provinces Non-Muhammadian Urban) I heard what was said and I really made an effort to draw a line of demarcation between what was said to be the various departments and policies of the Government of India in regard to them and something regarding the larger political questions or future policies, and despite my efforts it has not been possible for me really to see the difference as to where one ends and the other begins. As a matter of fact, the larger policies of the future, and the present criticisms of the various departmental activities overlap each other so much that even though there may be some very philosophical distinction, yet in practice it is not possible for any member to strictly observe that distinction. I would therefore submit that apart from the parliamentary practice throughout world parliaments, you may be pleased to allow the members to bring in any sort of grievances that they have, and at the same time to so regulate the discussion that their freedom may not be impinged upon. I would submit, therefore, Sir,

[Pandit Balkrishna Sharma]

that in view of what the practice has been in this House as also in view of the way the financial discussions have been carried on in various other parliaments, that you as the guardian of the privileges of this House will not come in the way of members ventilating grievances on the questions that are uppermost in their minds

Sjt. N. V. Gadgil (Bombay Central Division Non-Muhammadan Rural) I understood the points raised by my friend, Mr. Sharma and Mr. Maitra to mean that the Finance Bill is the occasion and the only constitutional method to ventilate all sorts of grievances from China to Peru. But the whole theory behind it is that of removal of grievances before supply. That assumes that the Government sitting here has jurisdiction and authority to remove those grievances. I want to ask my friends Mr. Balkrishna Sharma and Mr. Maitra whether the bigger constitutional problem and its solution are within the jurisdiction of this Government? Formerly it was a different context altogether. The former Government was in a way responsible to the Secretary of State. So whatever grievances we wanted to make and whatever points of view we wanted to press were really addressed not to the incumbents of the Treasury Benches, but all these attacks were directed against the British Government. Now the whole position has changed. The whole context has changed. I quite understand those grievances to be relevant and admissible for discussion the removal of which is within the jurisdiction of this Government. But those grievances the removal of which is not within the jurisdiction of this Government, are strictly outside the purview of this House. Apart from this fact, I would appeal to Honourable Members who want to venture into spheres where it would not be very proper at this moment to venture, whether considering all the factors they cannot tactfully avoid the discussion of this subject.

Pandit Lakshmi Kanta Maitra: That is not the scope of the ruling at my rate.

Ruling re the scope of discussion on the Finance Bill

Mr. President: I am afraid there seems to be some misapprehension as to what I said yesterday and what I mentioned today. It is difficult in any discussion to lay down exact lines where subjects may not overlap. Some references might be permissible but then the question is one of a sense of proportion as to how far those references should be made and how long they should be made. The position has been, to a large extent, clarified by Mr. Gadgil in his own way. But whether there is a change in the character of the Government or

otherwise the true principle (the principle of refusal of supplies) is that the Government to whom the supplies are being voted is responsible for the grievances and is in a position to give some relief in respect of those grievances. That is the broad outline within which discussions have to be kept. In other foreign countries foreign relations and every thing concerned with it are within the jurisdiction of the Government. Constitutional problems, as Mr. Gadgil has said, might not have been exactly within the jurisdiction of the government that existed previously but anything said would have been conveyed to those who were in power or who had the power of taking the constitutional steps, even if supplies were refused by the House. But that is a different position. If we want really to have true growth of democracy and criticism of Government in a **parliamentary manner**, the **best way** is not to go into other questions which are not concerned with questions of administration by the Government in office.

There is another aspect of the matter which Mr. Gadgil has pointed out but I may tell the House that I am not actuated or influenced by that aspect in circumscribing or limiting the discussion. That aspect is the present peculiar and very delicate situation through which the country is passing and we must consider whether we want in this House, to transgress into the proper sphere of the

Constituent Assembly and try to settle the various political problems which are agitating the minds of people outside this House, and whether we would like to have the atmosphere in this House muddled by those considerations instead of applying ourselves to securing, as best an administration as possible in the interests of the four hundred millions of this country. That is also a consideration which the Honourable Members will have to bear in mind. I am not restricting the debate by being influenced by that fact, though it would be a serious consideration.

So far as the previous rulings on the subject in this House are concerned, I might just invite Honourable Members attention to what has been said by my predecessors.

In the course of his speech on the Finance Bill, Pandit Hriday Nath Kunzru referred at length to the question of export duty on hides, when Sir Basil Blackett pointed out that the particular question had already been settled in a previous debate.

The President ruled: 'On the Finance Bill the whole administration comes under review and it is very difficult to rule this out. (He did not want to rule out a particular discussion.) I would however ask the Honourable Members not to reopen the question which has been fully discussed.'

I am giving this as a parallel. There should not be a repetition because there is a scope.

Then further on another occasion.

The Member then went on to discuss *Pakistan* and National Autonomous States. (The Honourable Mr. Maitra said that 99 per cent. of the speech was *Pakistan* and therefore I am inviting attention to this particular remark) whereupon the President reminded him that the Member must confine his criticism to the action of the Government of India and not discuss other peoples' words and policies and added:

'So long as the Honourable Member confines himself to a discussion of the Finance Bill or the administration of the Government of India, he is in order; not otherwise.'

(Interruption by Pandit Lakshmi Kanta Maitra.) The Honourable Member will not argue over what has been a previous ruling. I do not want to restrict anybody's liberty of criticising the Government of India or the budget proposals. I quite concede that some of these things are connected with the larger political issues but we must not go into the roots of those and dilate at length on them. Those issues would not really speaking be the matter under discussion before the House. The administration is under discussion. The future policies in respect of that administration are within the competence of this House, and with reference to these policies anything that a member desires to say, he can certainly say but that does not mean that members can sail forth into the outside constitutional problems for which there are other places where they can speak at any length they like. I do not wish to restrict any liberties, as I said, but then people carry their own notions about liberties and they have their own notions about restrictions just as I have my own notions about liberties and restrictions. As I have said, this is, to my mind, the proper scope of the discussion on the Finance Bill and I trust Honourable Members will keep within these limits.

Sri T. V. Satakopachan: Thank you, Sir. There is one difficulty which we commoners feel. I think it is the case all over, in every Government whether it is the case of a Chancellor of the Exchequer or a Finance Member, to behave if I may say so in a very effeminate manner. You mean the expense or budget for the expense, first and get the sanction of the House and later you come with the proposals to find ways and means of taxing the people. It is just like the wife putting the tradesman's bills before you after the purchases are made and asking the husband to find the money. That is why I said when we are going to be taxed let us at least have some cry over it. Let it not be all cry and no wool or all wool and no cry.

I do not find much to congratulate the Finance Member because so far as the common man is concerned I do not believe that anything more has been done to

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him under the present proposals than what has already been done by foreigners in our Government. I claim to represent the common man, much more than many others do here, because I am not a financier, nor an industrialist, nor even a manager or an *entrepreneur* of an industry. I cannot claim to be a labourer or a representative of labour like my Honourable friend Miss Kara. So I am a very common unit, the common man who does not belong to any particular category. I am afraid that the common man has not been helped much, even though it is the common man more than any other class of people who contributes to my Honourable friend the Finance Member's revenue. It is true, as my Honourable friend said, that the lifting of the salt tax is not lifting off a very heavy burden on the poor man but there is a particular fact which I believe my friend Miss Kara forgot and that is the psychological effect. Water is available free but supposing a small tax is levied as is done by some municipalities. Then it would be a matter of great resentment. It would be a bad tax. It is not a question of the distribution of the burden at all. Somewhere the distribution of burden has got to stop and we felt that it ought to stop in a country like India where salt is consumed. The lifting of the salt tax may mean striking off a quarter anna or two pice in the budget of the poor man but it means a lot to the psychology of the person and that is a fact that has to be understood. If a socialistic budget or an ultra-socialistic budget is required I do not believe it will be possible for the present Government of India to have it. Even though it is called a socialistic budget or a common man's budget, if we have the socialistic ideal as a budget ideal we will fail. We will not have it there, it is impossible. We have to consider it as a budget for a country which is not yet a fully capitalistic country—nearly a democratic country, trying to be fully democratic. Viewed in that light I certainly congratulate the Finance Member for the very level-headed manner in which he has been able to settle the differences, if it all there were differences because I do not know, but I congratulate him on the able way in which he has done it. Yesterday we were feeling rather non-plussed as to how to proceed in criticising this budget or in offering any suggestions because things were in a nebulous stage. I am glad that things have settled down.

Individually or personally I did not think that really trade or commerce or the capitalist's interests would suffer even if in entire the original proposals had been agreed to. Even though I am not an expert financier or even an expert student of economics, I can claim to have been and still continue to be, a humble student of economics. So far as I can see I do not think that the taxation proposals would have crippled our industries or destroyed our trade or commerce or would have ruined any of the capitalists. This is a result of the poor data, it all comes out of the poor statistics that we have. That is my feeling. The Government, though it boasts it is a Central Government, has not got any statistics worth the name. It has no statistical compilations. It has recently started a Department of Commercial Intelligence and Statistics I believe. More than two decades ago there was a recommendation for the Government to start such a statistical organisation—a Central organisation for compiling all the necessary figures. Even now it is in a sorry state. That is why when one set of people claim that by imposing this taxation industries will be crippled and another set starts saying that no harm will be done, we are unable to prove by facts and figures that such and such will or will not be the consequence. That I believe is at the bottom of the whole trouble. If now at least the Government of India thinks seriously about compiling statistics centrally, co-ordinating them, synthesising them, publishing commercial intelligence, annual books, directories and other necessary information for external and internal commerce, then we would be in a better position to understand the facts. The Finance Member and his Department will also be in a better position to put through ordered planning and will be able to convince the people that such and such tax is necessary or that such and such plan is necessary. So far as the

present settlement is concerned not only do I congratulate the Honourable the Finance Member but I think one principle stands vindicated, that is, if a certain section of people who are important in the economy of the country feels that it has been taxed too much or that much more than it ought to give has been demanded from it, then it is up to Government to see that such a feeling does not exist either by proving that such a feeling is baseless or unfounded on facts or by listening to that section. In the absence of figures I am glad that the Finance Member agreed to go a little way to meet them. I think it is a good psychological gesture and a very good way in which the compromise has been effected.

The Assembly then adjourned for Lunch till Half Past Two of the Clock.

The Assembly re-assembled after Lunch at Half Past Two of the Clock, Mr. President (The Honourable Mr. G. V. Mavalankar) in the Chair.

Sri T. V. Satakopachari: I shall try to fill these few minutes I have, with some more observations.

In regard to the 'Grow More Food Campaign', I think a great deal more can be done by means of a central irrigation scheme by which all the arid lands in our country could be brought under cultivation and the swamps in our country could be drained. Unless this is done, there is no possibility of our increasing our food supply. I would even say that a part of the amount that is now being spent in purchasing food from other countries would be better utilised in bringing fertile but waterless tracts under cultivation. There are such tracts all over our country. I remember there was at one time a great engineer in our country who suggested the linking up of all the big rivers of the north with the rivers in the south—Sir Henry Cotton. That was a project well worth considering. Several decades have passed and nobody seems to have thought of paying serious attention to this proposition. I would certainly invite this Government to take this matter deeply into their consideration and devise ways and means for bringing the abundant and fertilising waters of most of the rivers, 90 per cent of which is running to waste, to the fertile but uncultivated lands which remain in that condition for lack of irrigation.

I would now draw attention to one or two matters of parochial importance, which affect my province and my constituency. I want to say something about the increase in the Kilowatt powers of certain of the stations of the All India Radio. I find that even Calicut is proposed to be equipped with high power transmitters of 20 kilowatts. The existing station at Trichinopoly is a station which caters for the Tamil population which is twice as large as the Malayalam speaking population. I am making this comparison for no other purpose than to show that it is of equal if not of more importance than the station proposed to be started at Calicut. The existing Trichinopoly station is only 5 kilowatts.

Haji Abdus Sattar Haji Ishaq Seth (West Coast and Nilgiris, Muhammadan). You have the Madras station which is going to be raised to 100 kilowatts.

Sri T. V. Satakopachari: I would remind my friend Mr. Seth that Madras is a multi lingual station. The Trichinopoly station caters purely to the Tamil speaking people and as a matter of fact the percentage of literacy in Tamil is much more.

Haji Abdus Sattar Haji Ishaq Seth: Not more than Malabar.

Sri T. V. Satakopachari: Then, Sir, we have electricity in a network all over our place and more radio sets in use than elsewhere, and I believe the House will know that of all the Dravidian languages Tamil has got a hoary tradition and it dates back several millenniums. There are also more Tamils overseas than of any other community. So, I would suggest that the All-India Radio station at Trichinopoly should be equipped as a more powerful station.

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Before I conclude I would also put in a plea for the development of the Eastern coastal ports. In my constituency there were two ports which were of great historic significance. Those ports have fallen into desuetude. The coast is blocked up because there have not been any schemes to make it open with major ports. These are not being attended to, as they should be. As coastal shipping will come into its own in the future, I think it will be very necessary for the Government of India to develop and subsidise in the development of certain of the ports in the Tanjore district. I make special mention of the port of Kodikarai, also that at Vedanarvam Point Calimere. You will find that it is the nearest approach to Ceylon. There was a roaring trade there at one time. Several coastal ships used to touch at the Ceylon ports and there was a very decent trade between the Chola country and the other countries in the Indian ocean. We were a big sea-faring people and we were having almost all the overseas commerce in our hands. Even now it will be very proper for the Government of India to develop these ports, especially the ports at Kodikarai, Negapatam and Tranquebar. If the Tranquebar port is developed it will become not only a great commercial port but also a delightful spot where people of other countries may be made to come. It will also be a good health resort and I am sure the commerce of the country will improve if this port is developed. Negapatam also is a good port. It had been developed by even Westerners when they first came to the Madras Presidency. Later on they found it was not to their advantage to develop it. The railway system which was run with a profit motive by the Englishmen would not allow it to prosper. I would put in a strong plea that the port of Negapatam is also developed and I would appeal to the Central Government to take all these ports into its own hands and finance schemes with a view to make them major ports in our country.

In regard to the taxation proposals, I am reserving my remarks for a later period, but I believe the Finance Member is not justified in not devoting greater attention to the taxation of joint families. We have at present lot of difficulty in proving the status of the joint families before the Income-tax officers. We maintain in law that the evidence for a partition need not be documentary. As you know, Sir, ordinarily there are oral partitions and there need not be a partition by metes and bounds. In the absence of documentary evidence it is difficult to prove to the income-tax officer there was partition. There the existing law is rather deficient. I suggest therefore that section 25 or 25A should be modified so as to meet this great lacuna in the Income-tax law so that the joint families may be relieved of the difficulties which they have to undergo now. I would advert to it more when the clauses are being discussed if necessary by moving an amendment. With these words, I conclude my remarks.

Sri V. C. Vellingiri Gounder (Salem and Coimbatore *non* North Arcot Non-Muhammadan Rural). Sir, I wish to confine my remarks to those Departments of which I have some knowledge. I will, first of all, take up the Food Department. This Department means an expenditure of about some crores of rupees and I would like to make some remarks about it. I can understand that when there is a war it may be necessary under certain abnormal conditions to get food from outside and secure food also for military purposes. But it is now more than a year when the war ended and yet we are not getting sufficient food for ourselves and we are providing a larger amount of expenditure for making this Department a permanent one and we are also making permanent constructions for all these purposes. In these times every part of the country is feeling how the health of people is being affected on account of the foreign stuff being dumped on us as a regular food. Even that food when it comes to the distributing point is very much deteriorated and is very much mixed up with all sorts of stuffs in order to make huge profits. This state of affairs is in no way going to be better until these foreign stuffs are brought under control. On healthy food depends the public health, especially in the villages. You know Sir, the

difference between the food we eat in our homes and the food we purchase in the bazaars. But when the whole country is supplied with this inferior food, especially the poorer people, and when medical help is also not available in the interior villages, you can imagine the condition of the people.

So far as the agricultural statistics are concerned, our country is not so much deficient now having regard to the crop conditions in 1947. Excepting those areas where there is a deficiency of food, it is necessary on the part of the Government to supply food. Did we not experience similar conditions as exist now in the previous war in several parts of the country when famine conditions prevailed? What did the Government do then? They supplied the necessary foodstuffs to such an extent at places where they had famine conditions that they were able to get over the difficulty and everybody was supplied with proper food.

Then, Sir, I have another suggestion to make. Instead of supplying grains to the famine stricken areas, you can have open-kitchens to provide the people with food. To say that Government wants to supply food in deficient areas where people might die of starvation is nothing but a plea just to continue the Food Department for a longer period. This necessity has arisen because of the large population accumulating in urban areas on account of these controls and also because of the military development in all important towns where so much work has been started and people have got to be fed. This was necessary at the time when the war was going on. Now the Government is making every attempt to make itself self-sufficient in every area so far as the distribution of food is concerned. Take for instance the case of a province like Madras which is deficient in rice and Burma rice was imported. If rice is supplied through normal trade channels, there is no need for any control and there is no black-marketing or so many middlemen to handle the stuff. All these things ultimately make the country suffer and the health of the people also goes down. So, I would earnestly urge upon the Government to take into consideration this important point of health and also to provide every facility to make the people live an economic life especially in the villages. This control should not be allowed to continue in the villages.

Recently Government have paid double the price for Burma rice. It is nothing but black-marketing business done by Government itself in procurement outside while denying economic price being paid to local producers. Why have they spent so much money on Burma rice? We wanted to approach the Government for the last two years but our request was not given any consideration at all. The other day my Honourable friend Mr. Reddy was observing that in spite of the Government insisting on having a uniform price policy, there is so much difference in the price of rice in Madras and in Delhi. I cannot understand. If it is a policy to be uniformly enforced, then it has no meaning when we find that things are going on like this. On the face of it these controls are not doing effective work and these controls are no better than allowing black-marketing. It is impossible for Government to do control business properly. From all quarters of this House, from provincial committees, from district committees, we were informed that the controls are doing any amount of harm to the country. Why should they be continued? We boast that our country has advanced economically. A popular government has been established. The Government are spending a lot of money on "Grow More Food Campaign." It is no consolation to see that on the pretext of "Grow More Food Campaign" these controls are continued and that the Food Department is sought to be made permanent to administer these controls so far as food is concerned. We spent some money on the "Grow More Food Campaign." I come from one end of the country, that is South India. When I come to the north India, which is at the other end, what do I find? The talk everywhere is grow more food. I can tell this House what is being done in South India on account of the "Grow More Food Campaign." Some money is given to agriculturists to sink wells, some

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money is given for the purchase of agricultural implements, seeds or to improve lands and so on. We know that all these grants are given at the fag end of the season. Most of the money is simply wasted. I have known personally about this wastage in Madras. There is a big delta area in Tanjore district of the Madras presidency and I know how money is spent there. For cultivation of one acre a reward of Rs. 10 is given to the agriculturist. In order to be able to earn this reward, if that the agriculturist has to do is to sow some seed on the land, allow water for it and see some thing sprouts, no matter whether it is the sowing of grass or of paddy. The officer who is in charge of distributing money for "Grow More Food Campaign" has simply to send a report that such and such an agriculturist has brought so many acres under cultivation and on the strength of that report, the agriculturist is granted the reward. In this way lots of money are wasted. I had a talk with the Director of Agriculture a few weeks back and from the statistics, I was able to gather that there is no substantial increase in the production of paddy although more acreage had been brought under new cultivation. Although it was said in Government records that several thousands of acres were brought under cultivation, that means so many lakhs of rupees were wasted by way of rewards, yet we find no substantial increase in the production of food in this country. These are the several ways in which money is wasted. Instead of wasting money on these idle schemes, the better way to develop the production in this country is to develop small scale irrigation schemes. Develop the cattle dairying, develop the fishery, develop the poultry, develop fruit and in these ways you can increase the quantity of wholesome food available to the masses in this country. This will go a long way to meet the deficit in food in our country and the development of irrigation schemes, on small scale will bring permanent benefit to the cultivators. This will give occupation to large number of people. Instead of allowing money to pass through various middle hands, which never ultimately reaches the agriculturist, instead of wasting money on these subsidies and rewards, instead of paying subvention to other countries for importing food, the better way of increasing the agricultural wealth of this country is to spend money in the country itself. As I said if you develop fisheries, it will give occupation for lakhs of people and it will be a source of nutritive food for several lakhs of people who are living on the coastal areas of Bengal and Madras. In this connection I must point out to the Government that the fishing boats which were confiscated by the Government from the fishermen in Bengal during war should be returned back to them. In Madras also on account of war fishing industry was very much affected. I submit that the old time facilities should be restored for the fishermen. Fish is one of the cheapest indigenous sources of supply of food.

Next I should like to know how much money has been spent in getting foodstuffs from outside. How much of these foodstuffs have been supplied to the Indian States? Is any money going to be recovered from the Indian States, that proportion of the amount of subsidy to the quantity of foodgrains supplied to them. With the cessation of war there has been so much unemployment among labourers among the educated young men in the country. Many from rural people who were all engaged in war work having lost their jobs are now crowding the urban areas in search of employment. All these people have got to be provided with some work. All the time we are talking only of large scale industries. Of what use is the large scale industry to these unemployed people who migrated to towns? The only way in which to absorb a large number of these unskilled labourers is to engage them in cottage industries. I may be told that the development of cottage industries is the primary concern of the provincial governments. But I submit the Government of India also have a moral responsibility in order to meet the abnormal conditions to come to the rescue of provincial governments by way of grants to enable them to develop cottage industries. We have had enough discussion about handloom industry. The

other day I put a question about the report of the Indian Trade Commissioner in Japan and I suggested that the Indian Trade Commissioner in Japan should get us details about the development of cottage industries there so that we can dev. op our country on those lines. We can also study the conditions of development of cottage industry in China and Switzerland. These countries have developed cottage industries side by side with the development of big capital industries. If we proceed on these lines, it will really solve the question of crowded unemployment and it will increase the large scale earnings of the masses of our country and it will remove poverty also. Unemployment has now become an acute problem in this country both among the educated urban class and among the rural folk. Their salvation lies in the development of cottage industries only. We were also supplied a lot of literature upon this subject. Yet nothing has been done in a practical way.

With regard to the development of irrigation schemes, I should like to say a few words. We were told the other day about a large number of big schemes costing crores and crores. At the conclusion of the war, several planning committees were set up both central and provincial and any amount of literature has sprung on this subject and we were flooded with a large number of reports. We were told at that time that there was a plethora of money available, hundreds of crores and all that was necessary was to draw up large scale plans to utilise the money. So we were all planning for vast development schemes. But all these high hopes are not going to be fulfilled so far as the immediate future is concerned. Our immediate necessity is to have short term plans. These long term plans are not going to solve the difficulties of the country in the immediate future. What we are badly in need of is short term planning which alone will solve all these difficulties. For short term planning we have got also several published reports with regard to the immediate planning about food, unemployment cottage industries and small irrigation sources. Small irrigation schemes are very important for fighting famine and for the "Grow More Food Campaign". There was a small scheme in my part of the country which frequently suffers from crop failure and engineering experts could not say whether it would be paying or not. But I advised the ryots to pay a contribu-

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 bution and they paid 25 thousand rupees. Government executed scheme at a cost of about 2 lakhs. And now this area which suffered greatly from drinking water and shortage of food crops ever now and then has been very much benefited by the improvement of sub-soil water. Small schemes as these will go a long way to help the people. We have a department of Works and Mines and Irrigation and Navigation—it is all a high-sounding name—but we do not know what all this irrigation and navigation is. They are thinking in terms of the Tennessee Valley Scheme, which is only intended for an industrially developed country. There will not be much good that such a scheme can do in this country, more money may be spent for purposes like the development of electricity. This development of electricity in one particular area will not provide very much employment. We depend on foreign countries for capital goods and these capital goods which are heavily costly will take several years to come. I heard that this department has got 35 or 40 engineers. They can very well be sent out to different parts of the country because the provincial Governments are in need of efficient men to develop small irrigations. Not much money has been spent on small irrigation works in the country which will serve the present needs at once. Where is the necessity for navigation when our country is so backward in industry? Comparisons are made of our country with wealthy countries like the U.S.A. and Canada but these are all industrially advanced countries and there is no meaning in comparing ourselves with them at the present state of our country. We have big officers here whose knowledge about irrigation and agricultural development is more of theory than practical. So I submit that this department should not be allowed to develop so prematurely; their energies should be devoted more to the development of small irrigation

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schemes, and the provinces should be helped with these technical officers. Instead of that there is a tendency on the part of the Central Government in all departments to bring in all sorts of able men here from the provinces. That means waste of money, more centralization of offices and more delayed correspondences. And with regard to the grants that are made to the provinces, by the time they reach them it becomes too late to use them.

Mr. President: The Honourable Member has exhausted his time, he has taken 25 minutes already.

Sri V. C. Vellinguri Gounder: I will say one word, Sir, with regard to committees and conferences. The Government of India have got committees with regard to coconut, tobacco, sugar, coffee, cotton, etc. We do not know what work these committees do and what benefit is gained out of these by the taxpayer who pays for them. The Council of Agricultural Research has been working for 15 years, I do not know what money has been spent on it in these 15 years and what has been the actual benefit to the agriculturist. I do not know how long the Cotton Committee exists, what it is going to develop except some publication of yearly reports of a stereotype kind. The taxes are there and our cotton price is not properly fixed in order to make it an economic price. I suggest that Government can very well reduce these establishments and work may be done in a more scientific manner so that they may understand our difficulties and so much money can be saved. There is no necessity for any more taxation proposals coming up if proper retrenchment are made as I said before. The Excess Profits Tax was abolished last year but it has been imposed in so many other ways. Due to increasing high prices in consumer goods there is always the increasing cost of living. Government have been doing very little about it and people are suffering. Sir, I have done.

Sardar N. G. Vinchorkar (Gujarat and Deccan Sardars and Inamdars—Landholders): Sir, when we considered the budget last year conditions were far from normal as the war had just ended then, this year also we are in abnormal times under different circumstances and as such the budget will have to be considered in accordance with the times. The budget cannot be considered as having been framed to meet the needs of normal times. It was a very happy and momentous announcement that the Honourable the Finance Member made when he declared the abolition of the salt tax. It is not so much the money concession that is important but the idea and the psychology behind it that are important, and it is in that way that I give the first importance to that happy announcement. His other measures of taxation also are bold and direct. I will not comment on them because that is a matter for experts to deal with. It was a pleasing announcement that he made before lunch today, that Government would be prepared to accept certain amendments. I will only say as a layman that whatever money he will get from these taxation measures will be used to cover the deficits and not to effect any direct ameliorative measures. It will also be clear to a layman like me that this direct taxation is introduced at a time when we are in a transition period. I must say that in general the present size of Government as a whole should be retrenched sufficiently before any heavy taxation is proposed. Only when people are satisfied that all that is expected to be done by way of retrenchment without loss of efficiency has been done can Government come forward with any scheme of fresh taxation. There must be some planning which will be in the interest of alleviating the grievances of the every-day life of a common man.

Now I will turn to some of the important items in the little time that I can get. I will first turn to the Army. As you know, the Army Budget swallows much of the amount from the general budget figures. As yet conditions do not seem to be settled. I think Government has not yet framed any policy as to the size of the peace-time permanent army and given thought as to whether there is any scope for retrenchment. With the early and rapid nationalization and

replacement of the British forces by Indian troops, I see there will be scope for economy, and I think that will leave some margin for introducing substantial reforms while maintaining the standard of efficiency.

The other day I read in the newspaper that Brigadier Nathu Singh, Director of Personnel, was addressing the Rotary Meeting at Bombay. Therein he said that about 800 officers are required to be recruited every year and he was sorry that the right type of personnel was not coming forth. I am afraid, if that is a fact, it is not a compliment to the speaker or to the country to whom he was addressing. He admits himself that not that there are not men of the right type, but that they are not coming forth. If a blame is to be apportioned to someone, I suppose it will be more for the Government to share that blame rather than the people. As yet the proper approach has not been made to recruit or find out the right type of person. As you know before the war, the army was a sealed book. In the days of the war it was considered a period of emergency when you could not think of normal time policy. So it is now that Government will have to come forth and find out a method that will be helpful to pick up the right type of persons to man and officer the army. Now they will realize that the average youth of India looks upon these things in a more healthy and co-operative spirit, and if Government approach them properly, they will find young people willing to come forth and man the Indian Defence Forces. I am afraid this is a subject which you cannot cover up in a short space of time. But now the Army people must come out and mix more with the public and create more confidence. In this connection I welcome the Government move of setting up a Committee under the chairmanship of the Honourable Pandit Kunzru to consider the desirability of instituting a National Cadet Corps. I hope the same will bring forth more constructive and directly fruitful results. I also welcome Government's decision to set up the National War Academy in Poona and I would request them to hurry up so that the permanent machinery could be set up and framing could be started forthwith.

Then in the short time at my disposal, I will take occasion to draw attention to matters relating to agriculture in general. In the budget provision, I find that about Rs. 20 crores have been allotted for the subsidising of imported foodgrains. I am afraid though this is a necessity in which we have no choice, much of the money will go outside the country, and in this way though the average consumer will stand to gain, the average farmer I do not think will share the corresponding benefit. If much of this money could have gone directly to the agriculturist it would have certainly helped the average agriculturist directly and at the same time it would have made no difference to Government's exchequer. I have not much to say in favour of this "Grow More Food Campaign" which if one were to take into account the type of an average person in the countryside is so much advertised. What can you expect an average agriculturist to do if you find that the seed for sowing cannot be obtained in sufficient quantity or timely, that the agricultural implements cannot be had or that the cattle is so poor in quality and numbers or that the water facilities are so inadequate. It is these things you have to attend to by a definite programme under a time limit before you can expect the agriculturist to put forth his best yield from the soil. I think we are counting more on the paper propaganda than on the actual results and unless these points which I have emphasized above are attended to, I do not think the average agriculturist can have the material or the means to bring forth the maximum production even though he wishes it. In this matter I welcome the setting up of the Commodities Prices Board by Government. It is a step which is not too early at all. The average Indian agriculturist as yet has his grievance that the prices that he gets are not adequate to the increasing cost of production. I know I am treading on delicate ground because this is an economic question and Government have to consider both the consumers and the producers. From an agriculturist point of view I strongly feel that he deserves to be paid more in view of

[Sardar N G Vinchoorkar] the growing cost of cultivation. How much I wish that it were possible to divert bulk of the sum of Rs. 20 crores to help the agriculturists directly and thus enable them to produce to the utmost. I hope that this newly formed Board will consider all these things in a practical manner and arrive at conclusions in the matter of fixing the prices so as to satisfy an average agriculturist and encourage him directly to produce from the soil as much as he can in the interests of the average consumer. Sir, I have done.

Mr. Sasanka Sekhar Sanyal (Presidency Division Non-Muhammadian Rural) Since the Government have departed from the practice of allowing a certain day for a food debate, I take advantage of the general discussion of the Finance Bill for offering a few suggestions in this matter.

My friend, Babu Ram Narayan Singh reminds me that the Food representative is not here. But that is not my fault.

During question hour I expressed my desire to speak on the food situation in the country and I hoped that someone from the Food Department would be present. That is a matter over which we have no control and I hope the Members of the Government who are here will convey the observations for whatever they are worth to the member concerned.

I will not tread upon that aspect of the question which has been discussed by previous speakers.

The Honourable Mr. Liaquat Ali Khan: May I make one request. I have just sent for the representative of the Food Department who is a member of the House. If my Honourable friend would talk about something else in the meantime, the Food Department representative will then be here by that time to take notes.

Mr. Sasanka Sekhar Sanyal: I am very much obliged to my friend but I can tell him that if I had to talk about something else then the time that will be left for me will not be enough to talk on food. Therefore, in the meantime, my friend will take notes, if they are worth taking.

I will not deal with that large question which was discussed on the floor of the House by the previous speaker. The question of subsidy to the producer is a stock question, and our good friend and champion of such causes, Prof. Ranga has discussed this threadbare and I myself and my friends put in their feeble voice of support. Today, will you be surprised to hear, that—my information is of the last fortnight—in Great Britain potato is selling at 0-2-6 per seer, but here although our earning resources are much smaller, we have to pay more. That is because, not merely that the Government is giving ample subsidy to the producer but also that the Government has taken up the question of subsidizing at the other end, that is the consumer. This year Great Britain's subsidy to food is more than 400 crores. They began giving copious subsidy to the Food Department during the stress of war, and even after the termination of war instead of winding up these grants, they are increasing. Therefore what is necessary is that just as there should be large subsidies to induce the cultivator to bring additional acreage under cultivation, similarly there must be some subsidy at the consumers and so that the price may be stabilized both for the producer and for the consumer. In this connection I agree that it is a formidable task for a Government to take up the question of subsidizing to the extent of making foodgrains available at reasonable prices. I believe our Government is looking into this matter very carefully but to start with I would suggest that if they cannot take up the question of subsidizing the entire population, they might pick out classes and groups. For instance a flat ration whatever may be its merit when rationing was first introduced has the demerit of having one defect, namely it brings those who require more on the same level as those who eat less and can afford to go without these fundamental and staple cereals. A factory labourer, or a peasant requires more rice than an intellectual aristocrat.

having large resources at his disposal * He can have supplementary food—meat, fruits, fish and all these things. His nutrition never suffers for want of adequate supply of cereals. Therefore, let us begin with these classes and groups. For example, look at our teachers, look at the large section of non-agricultural lower middle class population—they have to live within very limited income. A schoolmaster at Rs. 40 per month has got to pay rent at Rs. 10 and is left with Rs. 30 with which he has to bring up a family of at least five. To ask him to purchase rice at Rs. 20 per maund is nothing less than a cruel joke. Therefore the machinery of the Government must be ready to give assistance to these classes. Look at the large number of factory workers. Within their income they cannot really purchase that quantity of ration which ought to be good enough for keeping their physical efficiency at the proper level.

This brings us to the question of modified or graded rationing and graded subsidy. We must go in for some level, so far as income is concerned, people below certain level can be given assistance and subsidy whereas people above that will not only not be given subsidy but then ration will have to suffer further cut because they are expected to go in for more costly food material. In this connection we come to the two vulnerable groups of population, namely ladies and children. Ladies and children have been described as the vulnerable section of the population by some of the nutritional experts. Some sections can easily submit to curtailment in order to give a little more assistance to this section, because they are really the custodians of our future. There is no one who does not know that an average family is unable to give that nutrition which a child in the school requires. Therefore some means should be devised by which we can give something like the minimum nutrition to our boys and girls. This can be done by subsidizing educational institutions to start with. Our children go to school early in the morning with some apology of a food only to fill up the cavity in the stomach, and they are detained in the school for 'long hours'. There are some high-standard aristocrats' schools which make provision for some good tiffin during the lunch time, but I am not talking of them because they are children of fortunate parents and we need not worry about them. What we want is that the state should take care of the average educational institution and provide for at least a minimum standard tiffin for each and every student who goes to the school. It will not cost very much. I was discussing this thing with a friend of mine who is a teacher and who has some knowledge of science also. He says that sprouting gram, and gur with one and a half roti provides good nutrition and it should be given daily to these students so that it will save them from the onslaught of avoidable diseases.

Then comes the question of milk. Some time back through questions we wanted to have an idea from the Government as to what they were doing with regard to nutrition. They had no idea themselves, and therefore they could not give us any idea. In the first place, milk should be made available for these children and nursing and expectant mothers before it is made available for anybody else. It is a crime if an able-bodied adult gets milk and children and nursing mothers go without it, he takes as much milk as would be sufficient for half a dozen children. Milk should come under the purview of rationing in such a way that every child who is growing and has to grow, and every mother, gets her share, or at least a portion of her share, before the able-bodied population gets any milk. Our tea takes away so much of milk, let us take tea without milk; but let us make it available for our children and mothers. In this connection I would draw the attention of Government to the question of maternity homes also. It has been my privilege to come in contact with some maternity homes. It is shocking to find that in the name of milk water is given, not only because the contractor is bad, but because milk is not available. Therefore we must conserve every drop of milk for those who require it more badly than the rest.

[Mr Sasanka Sekhar Sanyal]

In this connection I would invite the particular attention of the Government to the question of starting community canteens and kitchens. We can start such community kitchens for our schools. We should have community kitchens for factories, and similarly we must also encourage and have community kitchens in selected areas here and there because after all today the food position is such that partly on account of nonavailability and partly on account of forbidding prices, it is not possible for the average middle class man to have that food which is necessary and which is unavoidable. Therefore the State must undertake the question of opening canteens here and there so that if the experiment succeeds, the State will go ahead and the popular opinion will be increased in such volume that the cry will be irresistible and the Government's hands will be strengthened very much. Let us start with some canteens, let us make monthly and quarterly surveys and I am sure that if we take to this line of work in the course of next 12 months we can come and sit on the floor of this House that this experiment has succeeded so much and people will have a new orientation of things and that will be very good for our future generations.

In this connection, Sir, I would also invite the attention of the Government Members to the question of preservation of food-stuffs. I will concede that the Government is looking into the question of preserving the cereals, they are having what we are told as elevators. But I would draw their attention to the question of preservation of fruit and fish. Fruit is a very important article of food, we can make it available to all sections of the people throughout the year if we make arrangements for proper preservation. This preservation can be done in two ways by keeping them in cold storage or refrigerators or by converting them into jam and jelly and canning them in tins and making them available for the people. Indeed the canning industry is so very poor in our country that a tin of canned fruit from Australia is cheaper than a tin of fruit canned here.

An Honourable Member: Australia subsidises the industry.

Mr. Sasanka Sekhar Sanyal: Yes, that is exactly my point. In our country we must go in for subsidising. Our industrialists made a howl yesterday that the Government is out to tax them and that industries will be killed. Here is a compromise formula. If the industrialists come up with proposals for implementing a solution of the food problem I will go on bended knees before the Government and plead with them to give all the facilities required for building up a food industry in this country. There is the question of refrigerators. Let our private capitalists make their capital available, let them place it at the disposal of the Government. Let the Government provide the preservation facilities in the matter of fruits and fish. This is a major problem and if the capitalists are going to invest their money in it certainly the Government will respond to their desire by either subsidies or exemption.

In this connection I would also invite the attention of the House to the question of manufacturing foodstuffs, because it will not do merely to depend upon the "Grow More Food Campaign" of the agricultural department of the Government. We have also to manufacture food, for example vitamin tablets. Since there is an overall shortage of food throughout the country it will not do for us merely to depend upon outside assistance. We are getting food from outside at very heavy cost. If we can mobilise and harness for useful purposes a part of this money that we are paying to foreign countries for food imports we can go in for factories which will produce vitamin tablets and nutritional food. This is the best method of taking up the problem in right earnest. For all these things one thing is necessary and that is getting the assistance of scientists of our country. Though it may be said that in regard to other matters like mechanism and technology, we may need the assistance of foreign experts, I am sure that so far as food is concerned so far as nutrition is concerned we have got brilliant men inside our country and they are willing to give all assistance that may be

necessary to the Government. Let us have a board of scientists with real authority. We have got a Directorate of Agriculture but not a bushel more of wheat is produced. We have a Director of Fisheries but I am doubtful whether fish culture has improved at all. We have also a Director of Fruits but I do not know whether fruit has really been converted into a food proposition. Tinkering with the problem in this way or posting experts here and there will only create and keep up an appearance that something is being done. But that is not the real solution to the problem. To grapple with the problem in the right way you must hand it over to a body of experts who will make it the business of their lives or the mission of their life, to solve the problem in right earnest and in a most effective manner. Let Government have a board or panel of scientists, whose duty it will be to tackle the problem in a scientific manner. Look at the U.S.A. The Federal State has got a larger number of scientists to deal with their problems than even the sum total of the 48 States put together. That is because they look at the country as a whole; they look at problems as a whole and in one building they co-ordinate all their activities and there is no catch or red-tapism in their work. In India the Agricultural Department tackles with the problem in its own way. It has its own Adviser. There are plans galore but they are all paper plans. Why is it that although the National Government has come into real power for more than six months the food problem is not easier today than it was before they came to office. To some extent it is worse not because the men at the head of the Government are unwilling or unable to tackle the problem—they are the cream of the country, their imagination is inextricably connected with the needs and the demands of the people, but they are so much administration-ridden and this administration is so much stereotyped that they cannot grapple with the problem in a statesmanlike way, because of the lukewarm assistance that is made available to them from the department. The Food Department is today top-heavy not in the sense that the personnel are unnecessary but in the sense that the Food Department looks at the problem more as one of administration than as a real problem of the nation as a whole. Therefore my earnest appeal to the Government would be to shake off this administration-ridden habit and to place their problem before a board of scientists. As has been said elsewhere I will repeat here that the scientist's place is not at the top but at the top.

Pundit Thakur Dass Bhargava: (Ambala Division Non-Muhammadan)
(The Honourable Member spoke in Hindustani. For Hindustani text see Appendix to the Debates for the 25th March, 1947. English translation given below—*Ed. of D.*) Sir in the whole of the Finance Bill there is one silver lining like lightning in the black clouds and that is the salt tax. Besides this I find no great difference in this budget and the past budgets and this is not such a wonderful thing. The thing is that the people have greatly misunderstood the National Government. People thought the advent of the National Government will work such differences in things that *Kalyug* will be replaced by *Satvug*. They thought that all controls will end. Ministers with a magic wand will produce everything from the juggler's bag and change the whole universe. They are wrong. In India people commonly imagine that their leaders are great men and they will show some miracle as they have heard of the leaders of old doing wonders and performing miracles. How can it be possible for the Finance Member to effect a sudden change in the whole department when its old secretary with old traditions is in his way. Similarly, it is wrong to expect that Sardar Patel will end all corruption in a few days or Rajendar Babu will have so much food grains produced that we will have no difficulty. The National Government have now been in power for the last six months but our expectations have not yet been fulfilled. We should give up the idea of having our hopes fulfilled in such a short time. Until five years have passed and the members have got their respective department completely under them and

[Pundit Thakur Dass Bhargava]

their co-workers have come to think like them and their subordinates have imbibed their influence we should refrain from making any estimate whether the National Government have succeeded or not. I do not want to condemn the Finance Member for different items of this budget because his hands are tied. So far as the abolition of the salt Tax is concerned I should say that it is a good thing but I am afraid that owing to the existence and operations of old Rules and Regulations Indians will not be much benefitted by this abolition. If under the old Rules Salt Tax officers inspect the place where salt is manufactured and impose restrictions I am afraid the poor men who have been waiting for a long time for the abolition of the Salt Tax would not be benefitted but would be sadly disappointed. The abolition of five and quarter annas per annum Salt Tax is no real benefit. The real benefit is that everybody would be allowed to manufacture salt freely. I therefore request the Finance Member to look at the rules from the point of view that there is no restriction in the free manufacture of salt. If a poor Chamar does not get salt at the lowest price for curing raw hides and a fisherman for preserving his fish the abolition of the tax will not have done much good. In the year of 1911 there was saltpetre industry in every village which increased the income by 500 to 1,000 rupees. Then the manufacture of saltpetre was forbidden and wherever it was made restrictions were imposed. I, therefore, say that if you want to keep this industry alive, you should improve other industries which are connected with salt and stop the import of salt from foreign countries and see that the Rules are not so strict as they were before.

Moreover, the Finance Member claims that he is a friend and helper of the poor. His tax proposals will be such as to free the poor from the payment of taxes. I have already said and with your permission say it again that among the Hindoos mostly the Mahajans are engaged in trade. All the undivided Hindoo Families are not traders, because a large number of Hindoos are Brahmins and Chamars who are not at all conversant with trade. To think, therefore, that an undivided Hindu Family on whom so much tax is levied will be able to pay it, is wrong. In the undivided Hindu Family Sikhs, Jains and other castes of Hindoos are included. So far as poverty and wealth are concerned this tax, which has been levied on undivided Hindoo Family falls more on poor Hindoo families rather than on rich families. In the income-tax provisions distinction has been made between poor and wealthy Hindoo families, that is, provisions for levying tax on the wealthy is rather different than those for the poor on whom less tax is levied. When amendments will be proposed in this connection I will speak in details on the matter. The minimum exemption limit of tax for the Hindoos is not Rs. 2,500 or Rs. 2,000. If there are five members of a family it would be injustice to levy tax on all the five of them. When Capital Gains Act went to the Select Committee the majority and the minority both admitted that injustice had been done in the original Bill to the undivided Hindoo Family. Hence, Sir, the Select Committee has raised the abatement sum from Rs. one lakh to Rs. two lakhs. Previously super-tax incomes for undivided Hindoo Families and for individuals were Rs. 75,000/- and Rs. 50,000, respectively. Those who have made an income of Rs. 2,00,000 live in palaces and the tax does not affect at least their necessities of life. I say such persons should be taxed the most. So far as the poor people are concerned I desire to know under what law what moral principle do you tax the incomes of a few persons who constitute an undivided Hindoo family as if those incomes were the income of one man? It is not the question of Hindoo, Moslem, Sikh or Christian. It is a question of justice. I shall deal with it at another occasion, at present I should say this much only that if the Government wanted to levy tax it should not be levied on Hindoo Joint Family and undivided Hindoo Joint Family but on each individual of those families. Sir, in 1929-1930 this question was

rooted on the floor of this House and the then Finance Member admitted the injustice of levying tax on an undivided Hindoo Family under this principle. If required I am prepared to place the old records before you. I should point out the fact that so far as other taxes are concerned the Hindoos are taxed individually although they should not be so taxed under the principle of undivided Hindoo Family. If you would look at section 375 of the Taxation Inquiry Committee Report you will find that Government have accepted the principle of individual taxation. So, for this matter both the undivided Hindoo Family and the Divided Family should be equally treated. Now the Estate Duty Bill is before this House. It contains a clause that the estate of an individual should not be taxed on the principle of undivided Hindoo Family but on the principle of Divided Family. I therefore request that justice may be done to Hindoos in this connection.

Sir, at the time of every budget I have placed one ideal before the Government. My ideal in this connection has always been one. I do not look at the budget from a big industrialists point of view nor do I look at it from a cultivator's point of view but I look at it from the point of view of the most insignificant depressed class man. I want to see whether in the budget of 1947 any amendment or any difference has been made from the point of view of this insignificant man. A popular government has come to office. It has awakened this hope. It has increased the tempo. But, has it really made any difference in his condition? I want to say that in the Constituent Assembly you may pass any resolution you desire, give the right of equal status to whomsoever community you like, proclaim brotherhood by beat of drum, but is a Chamar allowed to purchase a piece of land in any of the villages of Delhi? No not at all. In 1928, I asked this very question from the Government. In 1946, I again asked this question. I was told in reply, that a Chamar could not purchase land. Recently our venerable Rajaji at the time of South African dispute said that there was no civilized country in which such restrictions were found as those found on Indians in South Africa, and such restrictions are really found here inasmuch as a Chamar is restricted to purchase land from a Cultivator. I, however, congratulate Honourable Dr. Rajendra Pershad who has in one way determined to amend this ancient law. I am, however, afraid, inasmuch as such a long delay has occurred in amending it, that the way in which it will be amended will leave a sting which will not allow to take its full advantage. I request you that no separate group be made of the Chamars living in Centrally administered area but they should be included in the general group. They possess no lands nor can they purchase land. If you want to give them equal status and especially now when the popular Government is in power, we should at once abrogate the law which do not deprive them of the right of purchasing land. It is a big black blot on us which should not remain for a minute now. Sir, the other thing that I want to see from the point of view of a member of the depressed classes is that in addition to deprivation of their right of purchasing land which provides livelihood to the entire world their rights for residential property are also worthy of attention. After the death of a Chamar his son can live in the house but no other relative can have the right of inheritance in it. They cannot make those houses of bricks and masonry. They are not allowed to dig wells in the village. They die of thirst but they cannot have a well. I say it, with due deference, that I have always been saying these things in this House but as yet the Government has not moved an inch and paid no heed to it. It is true that the previous government had a heart of stone which did not move, but what obstacles are there now to remove these vices. Recently, Sardar Patel gave us hope that justice will be done to untouchables especially in the matter of service. With your permission I repeat that Hindoos and Muslims

[Pundit Thakur Das Bhargava:] both must make a determination that in order to give equal status to untouchables they will not accept any service for five years and allow the untouchables to fill up those services. When a person falls ill or is arrested for some alleged crime he searches for a good doctor or a Vakil. He does not see whether he is a Hindoo or a Moslem doctor or Vakil. The higher services which effect the interests of the masses should be given by merit but services carrying social prestige with them should be given largely to the untouchables. Their status will improve if they are given such services. If they are made sub-Inspectors of police and Tehsildars all those disabilities would vanish, so long as they are not given those services, so long as they are not allowed to purchase land, so long as they are not allowed to possess houses, your passing of resolutions will do nothing. Untouchables must have full benefit of the necessities of life. They are in great difficulty for water, so, if one crore of rupees was provided for water supply of the untouchables in the budget it will do them a great good. To-day everybody is aware of the inconveniences of the village life. I therefore say that if justice is to be observed the budget should be prepared bearing then difficulties in mind and efforts should be made to remove them.

Sir, the untouchable mentioned by me mostly work and live in villages. They do not get so much of the produce as would suffice them for the whole year. In the circumstances, therefore, the dearness of the necessities of life prove a great hardship to them undoubtedly they get more wages than they used to get but they do not really get more. I have been noticing for the last 30 years that the untouchables and poor people in the villages who kept cows, have now given up keeping them because they cannot afford them now. They have been reduced to such status in the villages that they have usually come to think that they were not allowed to keep cattle. In the common village fields they are not permitted to graze their cattle. The time has therefore come to have the village records revised and amended in such a way that the poorest person may live his or her life. In this connection, Sir, I say that in former budgets enough provisions used to be made for the poor and for education. During the question hour it was said that so many lakhs of rupees will be given to Benares University and so many lakhs to the Aligarh University. I say the more you give to these universities the less it is but allow me to repeat the demand which Lala Lajpat Rai made from the floor of this House in 1926 that the Central Government should reserve Rupees two crores for the education of these insignificant indigent people. Let the present government look after them so that these people may understand that they have now a popular Government. People believe that the popular Government will do justice to them and I have no doubt that all our grievances will be removed. If you want to capture then imagination treat them in a manner that they begin to feel that justice is being done to them.

Sir, there is another thing which I want to mention. I do want that full justice should be done to the cultivator and he should get reasonable price for his produce. Rupees 20 crores has been set aside for subsidy. A large portion of it should be expended in such a manner that the cultivator is encouraged to produce more corn. For this purpose if the prices of the food grains are increased there will be no harm done. For people whose income is small arrangements may be made to open cheap grain shops so that if prices go high labourers who have not enough grains in their homes may get them at cheap rates.

In conclusion I want to draw attention to two things. Poor peoples necessities cannot be supplied by big industries. Those industries are essential for the defence. Unless small cottage industries are not started for the people in the villages the poor people will get no employment in India. Poor people can not leave their villages nor can they go to a far off place because

they have no money. There is only one remedy and that is to start cottage industries near their homes where they can go and get work. Sir, I want to draw your attention to the economic condition of the lower and middle classes of people. In the Finance Bill the limit of 5 per cent is fixed that firms should not pay a dividend of more than 5 per cent. In my opinion 5 per cent limit is not attractive. If you want that the poor people may invest their money and earn a good profit from their money you should make some good provision in the budget for them. For a company's share if less than 8 per cent dividend was paid the poor people's capital will not be forthcoming. So, for persons who do not pay income-tax this rule will prove of no effect. I should say that we may not think of the rich but we will have to think of the poor. I should therefore say that the condition of 5 per cent is not good for the poor. In conclusion, I want to say that the manufacture of *lanaspoti* may be stopped for ever because the health of the people has greatly deteriorated by the use of this article. So far as the poor people are concerned the making of Ghee is being discarded in the villages and they cannot, in consequence, get butter-milk. This has caused the growth of various diseases in the villages and the death rate has gone higher. The reason why people do not get butter-milk is that cattle have become scarce. I say that it is necessary to bear in mind the health and food of the people of the villages. If we look from the point of view of the 'Grow More Food Campaign' this *lanaspoti* is poison for us. We must try our level best to stop its use. It may, however, be said for it that by stopping it we will be destroying an industry of crores of rupees. I say in reply to this that those factories could be used for other industries. At present their production is causing various difficulties to the people of India. It is the duty of the Government to make appropriate arrangements for it.

Mr. President. The Honourable Member has already taken 20 minutes.

Khan Abdul Gham Khan (North-West Frontier Province General) Sir, the temptation to talk about this very intriguing Finance Bill is very great, but I will talk about the tribal territory which costs this Government nearly 15 crores of rupees a year when you take into consideration all the money that the Defence Department also spends on the North-West Frontier Province from Gilgit to the Persian Gulf.

[At this stage Mr. President vacated the Chair, which was then occupied by Mr. Chairman (Mr. P. J. Griffiths).]

My knowledge of finance is very poor but I do know more about the tribal territory than any other Members of this House. Therefore, I
 4 P.M. will try to discuss something about which I can say something of value to this House. I hope the Finance Member will not think that I have deserted him because I supported him very strongly during the budget session and I will not talk about the principle or the morality of taxation in this Finance Bill. I assure him that I support his unadulterated and uninvited taxation with all my heart even now. But I must say that the political, social and moral make-up of India has not developed enough to accept such a radical taxation at this time. All I can say to him is better luck next time. I feel that the tribal territory is more important to India than B.P.T. or B.P.T. So, I would like to discuss this problem. This very knotty problem of the tribal territory is merely a problem of bread. I have said that on the floor of the House several times before and I want to emphasise it again today. The tribal Pathan demands his share of food from society and when society refuses to give it, he snatches it because he is too primitive and brave to beg for it. If you have to choose between begging and stealing and if you see a brave man you would certainly steal and not beg.

The problem of tribal territory is economic. It is neither political nor religious. The Waziri is heartless and ferocious not because he loves ferocity

[Khan Abdul Ghami Khan]
and cruelty, but because he hates hunger and want. He steals and condemns people because that is the only way in which he can earn bread and clothes for his people. This is my belief and I am a Pathan and I ought to know what I am talking about when I talk about the Pathans. That is the first step towards a solution of the tribal territory problem. How are we to solve this problem?

Sardar Mangru Singh suggested the other day that we should march in and conquer this nest of dacoits and raiders.

Sardar Mangal Singh (East Punjab Sikh) That is the only way.

Khan Abdul Ghami Khan: He roared like an air-raid siren and tried to substitute a strong voice for a strong argument, as usual. To talk of the conquest of the tribal territory is ridiculous. That ought to be obvious even to a logical person like an enraged Sikh. India could never commit such a moral crime.

Another alternative is the policy in force now, the policy which has been evolved by the hundred year old Political Department. The Department has been divided into two now, to make room for the vanity of the Indian Princes as well as the patriotism of India. What is that policy? The Political Department buys influence in the tribal territory with Indian gold. This influence is of two kinds—spiritual and social, the priest and the *Malik*. This influence is used not for the benefit of the persons from whom it is bought but for the benefit of the person who buys it. The point before India is not how to get the influence on the tribes, but how to use the influence that India has already got among the tribes. The political service is the most autocratic service in India and perhaps in the world. It ought to be really sent to South Africa because General Smuts is the only person whose principles agree with the principles of this service. Most of the recruits are those who could pull the biggest stings in the highest places in the old days. It is made up of the cleverest rogues in the British Empire.

Mr. Chairman: I think the Honourable Member should moderate his language. The Honourable Member should confine himself to policy. It is hardly fair to make reflections on the members of the service who are not here.

Khan Abdul Ghami Khan. I am sorry, Sir, I have used some unfortunate word which seems to have annoyed the Chairman. But it is a fact that the Czar of Russia was certainly a constitutional monarch compared to this political service. They collect the weakest and the most greedy in the tribes and subsidise them to collect influence and use it how and where they please. Change the Political Agents today and send a different type of man and you will find a change in the tribes tomorrow. Teach the tribesman other way of making money and he will cease to kidnap and murder for it. You must teach them before you can blame them. You must give a man a chance of being good before you can condemn him for being bad. That ought to be the core of justice. Now, that the Indian Government is functioning, let us make an effort to win a gallant friend, a good neighbour. Your only contact with the Pathan is the political service. Make these gentlemen change their outlook or change these gentlemen. The tribesmen must know that India's will has changed and that India's policy has changed. The Afridi is not aware that Jawaharlal Nehru and not Weightman is dealing with his life now. How is the tribesman to know that? The interim government has to do nothing more than make the tribesmen aware of their friendliness and the tribes would become friendly. The men who project India to the tribes belong to the old order. They must be changed. We must get new contacts, new ties and new influences with a new type of man in the tribes. The political department catered for the greedy and the mercenary. We must

now cater for the proud and the idealist. Because they wanted to use them and we want to help them. The political department wanted unthinking slaves, we want thoughtful missionaries. We must get a new type out of them, the missionary type, the idealistic type. We must show the tribesmen that we are willing to lend our hand to help them develop and win their love. Can free India express her friendliness to the tribes through the same medium through which Mr. Churchill expressed his imperial power? As long as the political servants remain, the tribal problem will remain unsolved. It has taken them a hundred years to create this tribal problem. Before we embark upon any new policy towards any nation, we must decide clearly what we want, and find the tools, human, economic and political, to project that policy to another nation. India means friendship towards the tribal territory. India is anxious to help them yet, they do not understand because your projection is faulty, otherwise they would not react to your love with hatred. India has always bribed them. India has always used them only as a practising ground for their troops and training centre for their bombers and gunners, for half a century. And now India turns round and flashes a smile on him and expects him to fall down in adoration and worship. No, Sir, something more than loving messages are required to win the love of a victim of your cruelty for centuries. A solid and concrete expression of love and friendship and the right kind of people to express it to the tribesmen, that is the only solution of the problem. There is no other solution.

It will take centuries, if you do not start at once, but it will be quick and almost instantaneous if we go about it briskly and efficiently. In this connection, it would be helpful to India if we, the Frontier people, have more to do with it than the Secretary of State. We know them more than the Secretary of State. First, India must declare clearly and in straight terms that we believe in the freedom of the tribes and will respect it as we respect our own. Secondly, we must take clear and definite steps to express our friendship to them effectively by finding the right people. That, Sir, is my proposal for the long term and the short term Indian policy. As things are now there, the Governor is the King of Kings of the tribes. He is not responsible to the External Affairs Department, even if he is, he does not care a fig. India and the Interim Government, Jawaharlal Nehru and his colleagues might be full of good will and noble intentions but it is Sir Olaf Caroe who appoints and disappoints the Political Agents and who interprets and expresses the will of India to the tribesmen. That is the problem. Not the reactions of the tribesmen but the action of India. The tribesman has no chance to see the man in Delhi, he judges him by his agent in Malakand. And the poor mercenary in Malakand knows of the man in Delhi but his promotion, degradation, titles and jagirs are in the hands of the Special Agent in the province, that is the Governor, who has no sympathy with the popular Government led by Pandit Jawaharlal Nehru.

There is neither any sense nor any point in talking about a new policy or plan or indeed any policy of yours until you change the tools of the old policy from top to bottom, everyone. They will not liquidate the tribal problem because no man will liquidate his livelihood. To expect them to become missionaries of Indian good will to the tribes is like expecting a scorpion to grow wings and become a honey bee. They cannot change. They are too old to be elastic and too proud to lean and too stupid to understand the change.

The old political department is right there, in all its tenacity unscrupulousness and power. That looks upon the Interim Government as a little British joke and upon its leader as a nicely brought up but foolish idealist. And you expect these people to express your will to your neighbours? Until you can tackle the political department do not tackle the tribal problem.

[Khan Abdul Gham Khan]

because the political department is the tribal problem Sir, the tribal problem lives in New Delhi and not in the Khyber Pass You cannot grow roses in the patch which is occupied by a cactus hedge The best way to have a fine crop is to plough the field thoroughly and deeply, otherwise you may sow the finest seeds, have the most noble intentions and say the most pious of prayers but the end of the season will find you looking tired and sad and starving Sir, that applies to governing as truly as it does to farming

The tribal problem, although of great importance and magnitude to India is in itself a little problem when you boil it down it comes to changing five men—the political agents, Malakand, Khyber, Khurram and Waziristan and then the mastermind Sir Olaf Caroe, the Governor It would be unfair if I pass that magnificent name without paying my tribute to this great lover of the late lamented British Empire To call him conservative would be to insult him He is so deeply conoed that Mr Churchill looks like a red Radical by his side To him and people of his type who abound in the political service and Department, the Labour Government is a visitation from the devil They hate Major Attlee as conscientiously as they do Jawaharlal or they hate Mahatma Gandhi

Sir I have several things to say about these various gentlemen, but as you have cautioned me to be moderate, I will leave them out I am not asking you to hang these gentlemen though they richly deserve it I am only asking them to be changed, because they have tried to poison the soul of the Pathans They have murdered thousands of us spiritually Each one of them is a symbol of the suffering and torture and humiliation of the Pathans Each one of them is a symbol of Churchill, Willingdon and the devil They must go If you cannot do that, do not let us make fools of ourselves by talking about our policy and appointing advisory committees, or by talking about five years plan and ten years plan for the tribal territory Until we send these chronic die-hards to the home of Mr Churchill with our love and best wishes, there is no point in talking about any policy Mr Churchill will find these gentlemen a sympathetic audience for his alcoholic hysteria and they could take to him their poison and Empire burdened hearts, their injured imperial pride and weep down his neck as the English poet has put it—

*"One in whose gentle bosom, I could pour my secret heart of woes,
care burdened honey fly that hide her murmurs in the rose"*

As for us the Pathans, we will heave a big national sigh of relief at getting rid of this political, economic and moral cancer Sir, I say this with apologies to my Honourable Leader Jawaharlal Nehru That is all I have to say

Mr. Tamizuddin Khan (Dacca cum Mymensingh Muhammadan Rural): Sir, it is very gratifying that the Honourable the Finance Member has been able to announce a compromise of the tangle that threatened the Government till very lately Sir, for myself I have accepted the announcement with mixed feelings While speaking on the general discussion of the budget, I expressed the apprehension that Government might probably capitulate to big business It looks very much like capitulation on the part of the present government to big business But it is gratifying that Government have capitulated *en bloc* and that the rift that appeared in the ranks of Government has disappeared That gives me satisfaction Otherwise the substance of the compromise does not give any satisfaction to this side of the House

Sir, the most important problems that the country is faced with today are, if I may say so, firstly, the political situation, secondly, the food situation;

and thirdly, the defence situation, particularly internal defence I should like first of all to say a few words about the food situation. I was feeling grateful to my Honourable friend Mr Sanyal for having been instrumental in bringing the food Secretary here, because I wanted to say something about his department, but I now find that he has slipped out. But fortunately the Secretary of the Agriculture Department is here and I think his presence will do me good. That the food situation is serious no one can deny and when the situation is going to improve I do not know. Our population is increasing every year to an appalling extent, and so far as imports from outside are concerned I am not very hopeful that we can expect much more from that direction than we are getting now. The whole world is in a very difficult situation in the matter of food and so it behoves us to try to be self-sufficient in regard to this urgent problem. It is no doubt gratifying that the Government of India and the provincial Governments have taken up the 'Grow More Food' campaign in right earnest. I had my words of praise for this good work while I spoke on the general discussion of the budget, and I still stick to my opinion. But I think further steps have to be taken to make India self-sufficient in the matter of food. In my opinion the steps we are now taking are not enough to make us self-sufficient. It is gratifying to find that for the last two or three years, Government are spending large amounts of money by way of giving subsidy on this account, and the amount to be spent in the coming year is 17½ crores. It is gratifying so far as it goes, but if my Honourable friend Mr Sanyal's figures are correct I think we are not going far enough. Mr Sanyal said only a few minutes ago that England is spending as much as 400 crores for food subsidy in the coming year. Our spending capacity is certainly much less than that of England, but still while England is spending 400 crores we are spending only 17½ crores and that is not enough. I am afraid we do not yet realise sufficiently the gravity of the problem. And I think the money that is now being spent is not spent in a proper way. If this amount were spent properly I think Government could do more for production than they are doing now. In fact by this grant they are helping the 'Grow More Food' campaign in no way whatever. We spend these 17½ crores for the rich and the poor alike. There is hardly any sense in giving subsidy to people who can very well purchase their food at any price. But a substantial portion of this amount will be spent in giving subsidy to these undeserving rich people. I would suggest that if this money is better spent it will give a great fillip to the 'Grow More Food' campaign. What can induce the cultivator to grow more food? There may be many factors but the main factor is that the cultivator gets a proper price for his grain. Are you giving the cultivator his proper price? I think not because even in spite of strict controls black markets are flourishing almost everywhere and the black market prices are far higher than the controlled prices. That shows that the cultivator is not getting an economic price for his produce, and unless he gets an economic price there is no incentive to him to produce more. I therefore think that if these 17½ crores could be spent more wisely it would give an encouragement to the cultivator to grow more food. Several Honourable Members have suggested that the prices of foodgrains should be increased, that is, the producer should be given more than what he is given at present. The main objection to that is that the average Indian is not in a position to pay more for his food in the present circumstances. I agree that the prices cannot be increased all round but why not spend these 17½ crores—or 30 crores if necessary—by giving a subsidy either to the producers or only to the needy consumers and not to the rich people and simultaneously raise the prices? Prices can be raised and prices can be raised without the poorer people being hard hit. I propose that you should give a subsidy to the poorer sections of the community and realise a higher price from the rich people who can pay the

[Mr Tanuzzuddin Khan]

high prices. If that is done you will raise the price given to the cultivators and at the same time you will also give relief to the poor. In this way I think these 17½ crores can be better spent and the cultivator can be given a more economic price for his produce. Unless Government pay serious attention to this problem and somehow or other come forward to give a proper price to the cultivator, I think we shall not be able to solve the grave food problem that faces the country today.

The next point I should like to deal with is the defence problem. After the war, from one point of view this problem is not very important. So far as external aggression is concerned, we are perhaps comparatively safe at the present time, and in the matter of this external aggression not only India but most countries of the world will have to depend more on the efforts of the United Nations Organisations to keep peace in the world than to their own individual strength. Very few countries in the world can actually prevent aggression from the big powers in case of war. Therefore in regard to external aggression I think we can very well depend upon the United Nations Organisation and try our little best to strengthen the hands of that organisation. But another problem has assumed importance, namely, internal defence, on account of the British declaration to confer full powers to Indian hands in the course of a few months. We know that the general situation in the country is extremely disturbed, serious things are happening and more serious things can happen at any moment. Therefore there is no doubt that the army has to be kept in a state of efficiency. And along with this there is the question of Indianisation of the army within a short space of time. So far as Indianisation is concerned I think we all wish it to be done as quickly as possible, but there are great impediments in the way which have to be overcome. One of the main impediments is that there are not enough trained officers to man the Indian armed forces. Therefore it is only commonsense that as many trained people as are available at the present time should not be diverted to other lines and should be principally confined to military duties. In this respect suggestions have been thrown in the House, but they have been treated with very little regard. I would like to say a few words about a very limited aspect of this problem, i.e., about the Civilian Ordnance Officers. A question was asked in the Assembly about these officers—whether they could be absorbed in the post-war service? A reply was given to the effect that the size of the post-war Army was not yet known and until the Indianization Committee sent their report nothing could be finally decided. But curiously enough though the Indianization Committee has since recommended that these officers should be absorbed in as large a number as possible, a large number of them have been served with notices to quit and there is no assurance that others will be retained in the post-war service. Why? Instead of using these Civilian Ordnance Officers it is proposed that trained military personnel should be employed for this job. Why? Here is an instance where trained Indian Civilian Ordnance Officers who have proved their worth and who have proved extremely successful and useful, are being thrown out. Why should not these people be employed in the Ordnance Service and as many military officers as possible should be kept reserved for military service. As regards this there is no satisfactory reply and the Defence Secretary is not here at the moment. I do not know if this House is going to get a satisfactory reply on that question, which is very important. I suppose that will not only help Indianization but will also save a considerable amount of money to the Indian Exchequer. Therefore there is no sense at all in sending away these trained people and enhancing our difficulties in every way.

Then I would come to my last point. That relates to the political situation. I thought that it would not be proper to say anything on that

subject, but unfortunately my Honourable friend, Mr. Maitra, who is not here at the present moment, raised this question, and he raised this question in such a way that one cannot but say a few words in reply to his insinuations against the Bengal Government.

Mr. Chairman: When Mr. Maitra was speaking on this point, the President pointed out that he was going rather far beyond the scope of the Bill. I hope the Honourable Member will not do likewise.

Mr. Tamizuddin Khan: What about the harm which has already been done because of his insinuations? Can I confine myself to what he stated? I will not go beyond that.

Mr. Chairman: The Honourable Member is certainly entitled to refer to what has already been said on the floor of this House, but he cannot go further than that.

Mr. Tamizuddin Khan: Sir, he has said that the Government of Bengal mis-spent the grant given by the Central Government, and therefore he has warned the Finance Member that he should be careful in giving any further grant to the Government of Bengal. Sir Cowasji Jehangir related yesterday that he had had a dream. I think Mr. Maitra had not only had a dream, but a nightmare. He said that the Government of Bengal mis-spent 3½ crores of rupees given to them for famine relief. Does he not know that the Government of India made these grants not before but after most of the expenditure on famine had been made and what the Government of Bengal spent for famine was not an earmarked money granted by the Government of India, but the Government of Bengal had to spend vast sums as required on account of the famine, and actually they had to spend, far more than what the Government of India gave them? Therefore to say that out of the Government of India grant only so much was spent for giving gratuitous relief and so much was spent for employing staff—that is an argument which does not appeal to me. Then, Sir, he was very sorry that his community was not represented on the Government of Bengal, and therefore his argument was why should the Government of India give any subsidy to a Government where a large section of the population was not represented. That was probably the reason for his argument. I would like to say, does he not know that there are six other provinces in India where one particular community—the second largest Party—is not at all represented? That is very well, but when it comes to the case of Bengal, he says that the Government of Bengal is not representative because one particular party is not in the Government. No one is more sorry on account of the absence of that Party from the Government of Bengal than I am, but Mr. Maitra and those for whom he stands must thank themselves for their absence from the Government of Bengal.

Mr. Chairman: I think the Honourable Member has made the point sufficiently clear. He must not pursue it further.

Mr. Tamizuddin Khan: Further he said that it was preposterous that the community that contributed 80 per cent of the taxes of the provinces was unrepresented in the Government of Bengal. Sir, that is another mis-statement. What is the community that contribute 80 per cent of the taxes to the coffers of the Government of Bengal? I think, Sir, it is the peasant and the worker who is the only producer of the wealth of the land that actually pays the tax to the Bengal Government and in fact to all Governments and it is not the few conduit pipes through which money has found its way to the coffers of Government. Without naming any community I would like to say that the workers and peasants are very well represented in the Government of Bengal. Therefore no one can maintain that the Government of Bengal is unrepresentative.

[Mr Tamizuddin Khan]

I generally find myself in agreement with the views of my Honourable friend, Prof Ranga, but he said one thing today to which I could not unfortunately agree. He has found fault with the Honourable the Finance Member in respect of what he said regarding regional planning.

Prof. N. G. Ranga: It is not enough.

Mr. Tamizuddin Khan: When my Honourable friend says it is not enough, I think he has since modified his opinion to a certain extent. From what he said I understood that he was out and out against regional planning. If the House remembers, one prominent member belonging to his Party—Mr Masani—supported the theory of regional planning very strongly the other day. Unfortunately,—how can the Finance Member or any other person help it—unfortunately, this vast country is divided into regions, and conditions in these regions greatly differ. Therefore there has to be this regional planning. Look at, for example, the “Damoodar Scheme”. The Damoodar Valley forms one particular region of India. Therefore it cannot be said that there should not be any regional planning so far as schemes like this are concerned. But the Honourable the Finance Member advanced another very good reason. Everything now seems to be in the melting pot. We do not know whether there is going to be one India or more than one India. Therefore will it not complicate matters by launching into all-India schemes of development, only a few months before things take a particular shape. We shall not have to wait long. We shall have to wait for a short time before we are in a position to know where we stand. So far as that large political question is concerned, it is very unfortunate that the country has not been able to come to a settlement. We on this side of the House desire that there ought to be an amicable settlement. But if there is no amicable settlement, everyone knows that the results may be very, very disastrous and I only wish that good sense will prevail in all quarters, and that we shall be able to come to a settlement in the near future. But I should like to say that it will not do to beckon for compromise with one hand and shut the door with the other. If any party approaches the problem in that spirit that party is not going to help the solution of the problem at all.

Hafiz Mohammad Abdullah (West Central Punjab Muhammadan) Sir, the whole country hailed this budget as the poor man's budget. It filled the man in the street with the hope that the setting up of an Indian Government would not mean the substitution of one set of exploiters for another set. The man in the street began to feel that he too was an important member of the body politic and not merely an automaton created not to live but merely to exist and slave for the benefit of some multi-millionaires. No sooner were the budget proposals announced than the multi-millionaires began to make a terrific noise all over the country. Newspapers, which always make a pretence of championing the cause of the poor and down-trodden millions began to vie with each other in championing the cause of the multi-millionaires. They are trying to throw dust into the eyes of the poor people and trying to convince them that the tax on the multi-millionaires is a calamity on the poor. They attempt to conceal the fact that the deficit in the budget will have to be met by some other tax whose incidence will fall on the middle and the poor class people. It is now well known that the budget proposals were drawn up by the Finance Member in consultation with two other very eminent members of the Cabinet. It is idle to suggest that these eminent members of the Cabinet failed to appreciate the real significance of the taxation proposals. Some newspapers had been even so charitable as to suggest that the consent given by these eminent members of the Cabinet was not “considered consent”. Encouragement of such criticism would amount to a mockery of statecraft and bankruptcy of statesmanship. At the time of the preliminary discussion of the Budget in the

House there was strong criticism of the taxation problems by some of my Honourable colleagues. I regret to say that this criticism showed a total lack of discipline because competent and responsible leaders had already given their consent. The Honourable Members of the Cabinet on the other hand gave expression to their whole-hearted and well-considered support of the taxation and one Honourable Member went so far as to suggest that if big business did not submit to the taxation willingly, the alternative would be the nationalisation of industry. Nevertheless, opposition to the taxation problems has been gaining momentum. The taxation measures have since been fully thrashed out in the Select Committee. Many modifications of far-reaching character have been conceded. My fear is that these modifications have already made a big hole in the anticipated receipts. All the serious objections raised by the multi-millionaires have been fully met. We are, however, confronted with the most grotesque situation in which all the members of the Select Committee, who belong to the Congress Party have recorded a minute of dissent. They are not satisfied with the substantial modifications already made. There is tragic humour in the fact that the socialist members of the Select Committee have also signed a minute of dissent. Some people had their suspicion that the socialism of the socialist members was only skin-deep. But even skin-deep socialists would hesitate to dance to the tune of the capitalist in such brazen-faced manner. The performance of my Honourable friend Sardar Mangal Singh has never been equalled in the annals of this House. In his speech on the 3rd of March, 1947, he characterised the criticism of the taxation proposals as the howl of the multi-millionaire, and was most emphatic that the taxation proposals should be rigidly adhered to. With what curious logic he now dissents even from the taxation proposals as considerably diluted by the Select Committee, passes comprehension.

I have no mind to allude to the scandalous rumours which are current in Delhi and outside as to what power and influence have converted the erstwhile champions of the masses into champions of capitalism as its worst. Since it to say that such conduct on our part is likely to have very serious repercussions. We shall be losing the confidence of the poor masses in this country. If the Delegates who have come to Delhi from 32 countries to attend the Asian Relations Conference were to come to know the way in which such important matters are handled in this country they will not take with them the sort of impression about our integrity and high-mindedness which we want them to do. Small temporary benefits and advantages are often fought too dearly. If there is any intention anywhere to win the confidence of the weak and the down-trodden, let me say that the way in which this budget is being handled by a section of this House is not the way to do it.

The note of dissent recorded by some members of the Select Committee clearly showed that the voice behind it was the resolution of the Federation of Chambers of Commerce. These merchant princes own practically all the newspapers in India and the press is so demoralised that they have accepted the principle of those who pay the piper have a right to call for the tune. The press in India does not represent the public opinion but it expressed the opinion of their masters. Therefore I beseech the Finance Member to pay no attention to the press propaganda as we all know that the propaganda is being engineered by a group of seven millionaires, who are not rolling in wealth but the wealth is rolling on them. Our blood-suckers made enormous profits during the war and they desire that the war profits should continue during the peace-time as well and if they do not realise the situation in the country then threat will be administered not by the members of the Treasury Bench but by the socialist and economist groups in the country. A note of warning was given by Miss Mamben Kara yesterday.

[Hajj Mohammad Abdullah] the Government will elucidate their policy about capitalism. While the U.P. Government is anxious to destroy the capitalists, the Government of India is following the dictatorship of the capitalists. I am sure that the elected members of the House to which ever party they belong will maintain their promises given to their electors. All taxes are unpopular but they should be levied in proportion to one's capacity to pay. The Finance Member has lost 9½ crores by abolishing salt tax and this should be compensated by persons who are in a position to pay.

Mr. Geoffrey W. Tyson (Bengal European) Sir, in the few moments that are left at the disposal of the House it will not be possible to deal in any great detail with some of the points which I want to mention in the course of my speech. I think the congratulations of all of us are due to the Finance Member on the long ordeal through which he has almost safely passed. He has shown his powers of endurance both during the General Debate on the budget, in the proceedings of the Select Committee and now in this debate, which is in keeping with the traditions of his office. He has also shown considerable mastery of the gift of silence. I have watched him in this debate for the last two days, as it ranged over a very wide variety of topics making note on his pad with a bland and comfortable smile on his face and I have come to suspect that that smile derives from the fact that he knows as well as we do that, when the heat and dust of the present controversy over the business profits tax and the capital gains tax has passed away, we shall come to realise what he fully well knows now, namely, that the real acid and nont of his attack on the taxpayer is to be found in the Finance Bill 1947 to which so little detailed attention has so far been given. Of course the Bill does not go to the Select Committee and the occasion of the debate on the Finance Bill is very largely utilised to ventilate grievances over the field of administration, and to that extent we are apt to neglect the detailed provisions of what is perhaps in any year and certainly this year, the most important of the financial proposals which the Honorable Member brings before the legislature.

Now so generally speaking, the Finance Member has as background to his tax proposals put before us for our consideration what he has described as ideals of social and distributive justice. He made that clear in his initial speech in introducing the budget on the 28th of February, and in his utterances which I have since seen in reference of his Bill to the Select Committee he has underlined what he said on that occasion.

Mr. Chairman: The Honourable Member may resume his speech to-morrow.

The Assembly then adjourned till Eleven of the Clock on Wednesday, the 20th March 1947.

LEGISLATIVE ASSEMBLY DEBATES

WEDNESDAY, 26th MARCH, 1947

Vol. IV—No. 2

OFFICIAL REPORT



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LEGISLATIVE ASSEMBLY

Wednesday, 26th March 1947

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr President (The Honourable Mr G V Mavalankar) in the Chair

STARRED QUESTIONS AND ANSWERS

(a) ORAL ANSWERS

CONSUMPTION OF NEWSPRINT IN INDIA

1186. *Mr. Manu Subedar: (a) Will the Honourable Member for Industries and Supplies please state what was the annual consumption of newsprint in India before the war and what was the consumption in each of the war years?

(b) What was the consumption and import in 1945-46 and how does the consumption and import in 1946-47, compare with it?

(c) Have Government considered the desirability of not permitting special issues of newspapers and magazines?

Mr. M. P. Pai: (a) The consumption of newsprint in India before the war and in each of the war years is as follows

	Tons (approx.)
Prewar annual consumption	35,000
1940	32,000
1941	7,000
1942	18,000
1943	11,000
1944	14,000
1945	23,000

(b) The consumption and import during 1945-46 and 1946-47 are as follows

	Consumption	Imports
	Tons	Tons
1945-46	25,800	23,770
1946-47	27,700	29,000 (approx.)

(c) Permission is granted for special issues on the merits of each case, and provided the newspaper has stocks of its own to use

Mr. Manu Subedar: Are Government making any negotiations for the increased import of newsprint with a view to permit book printing, which is at present in very great shortage, also on newsprint?

Mr. M. P. Pai: No special representation as regards the supply of newsprint for books has been made, but the Delegation which toured Europe and Canada last year was asked to secure as much newsprint as it could from the producing countries without specifying what the end uses would be

Mr. Yusuf Abdoolo Haroon: May I know from the Honourable Member what effective help the Department is giving in the matter of securing newsprint from outside?

Mr. M. P. Pai: Certain allocations have been secured as a result of the tour of this Delegation. The allocations they secured were for the last year, that is 1946. We have subsequently followed up these allocations with correspondence regarding allocations for 1947 and we have kept newspapers societies in touch with the quantities which we know will arrive this year.

Mr. Manu Subedar: In view of the fact that certain newspapers are printed on white printing paper which is required for books will Government examine the possibility of releasing a certain limited quantity of newsprint to book publishers who may want to use it for some popular cheap edition?

Mr. M. P. Pai: The suggestion will be carefully considered when the supply position warrants it. But it is not correct to say that any large number of newspapers use white printing paper. There is only one newspaper which uses white printing paper and that also only to a certain proportion of its requirements.

Mr. Manu Subedar: Is not the Honourable Secretary aware that the *Capital Indian Finance* and many other weekly magazines come out on white printing paper?

Mr. M. P. Pai: I was talking of daily newspapers.

Mr. Manu Subedar: During the war these newspapers had to rely on newsprint. Now Government have given them permission to use white printing and they are making a depredation on the extremely limited quantity of white printing available for book publication, education, religious and so on. Will Government therefore examine the possibility of giving some of the newsprint also to book publishers?

Mr. M. P. Pai: Yes, Sir.

Mr. Yusuf Abdoola Haroon: May I know from the Honourable Member when newsprint is available to the Supply Mission in London how they distribute this newsprint?

Mr. M. P. Pai: The Indian Supply Mission in London do not actually distribute any newsprint. They sponsor sales, but the negotiations are directed between the supplier and the user at this end. The Supply Mission do not make any allocations.

Mr. Tamizuddin Khan: May I know what are the countries from which newsprint has been imported in the current year?

Mr. M. P. Pai: We have secured supplies from Canada, Newfoundland, Norway, Sweden, Finland, Russia, Austria and a small quantity from Italy.

Prof. N. G. Ranga: What steps are being taken to produce newsprint in our country with a view to minimise our dependence on foreign countries for our newsprint requirements?

Mr. M. P. Pai: Two companies have been formed for the manufacture of newsprint. One of these expects to go into production at the end of 1948. The other has just gone into formation. The Government of India are themselves investigating into the possibility of producing pulp in the Andamans for the production of newsprint. The controlling factor is the price of the pulp. There is no technical difficulty in producing newsprint. But pulp must be available round about 5 annas a cubic foot.

Seth Govind Das: Is it a fact that Russia is willing to send us more newsprint if an order is placed with that country at an early date?

Mr. M. P. Pai: No, Sir.

STEPS FOR INCREASED PRODUCTION OF PAPER IN INDIA

1187. **Mr. Manu Subedar:** (a) Will the Honourable Member for Industries and Supplies please state the steps that Government have taken to increase the production of paper in India?

- (b) Is it a fact that production is less in 1946-47 than it was in 1945-46?
 (c) If so, what are the causes therefor?
 (d) How much paper, excluding newsprint has been imported during the year 1946-47?

Mr. M. P. Pai: (a) Honourable Member's attention is invited to the reply given to part (e) of his starred question No 439 in this House on the 22nd February 1946. I may add that some of the existing Paper Mills have development projects in hand and necessary machinery and plants have been ordered by them from abroad. The Examiner of Capital Issues has also approved of the floatation of certain new companies for setting up more Paper Mills. If these projects materialise in the course of the next few years the production of paper in India will increase considerably.

(b) Yes. The production of paper in 1946-47 has been slightly lower than during the corresponding period of 1945-46 as will be seen from the following figures

Year	Production of paper including Kraft and board other than strawboard and millboard
	Tons
1945-46 (9 months April to December 1945)	81,200
1946-47 (9 months April to December 1946)	79,600

(c) This slight reduction is due to (i) labour unrest and strikes, (ii) dislocation caused by the disturbances in Bengal during August and September 1946, and (iii) short supplies of coal to the paper industry due to transport difficulties.

(d) The imports of paper other than newsprint amounted to 24,975 tons in the year 1945 and 27,160 tons in 1946 on the basis of the actuals of the first nine months of that year. Figures for later months are not yet available.

PROJECT FOR MANUFACTURE OF PAPER PULP IN INDIA

1188. *Mr. Manu Subedar: (a) Will the Honourable Member for Industries and Supplies please state if there are any projects for the manufacture of paper pulp in India on a large scale?

(b) If so, where are they and when are they expected to come into operation?

Mr. M. P. Pai: (a) and (b) Most of the Paper Mills in India manufacture pulp for their own use from bamboo and grass. Some of them, notably the Sirpur Paper Mill in Hyderabad State, are planning to produce larger quantities of pulp primarily for expanding their own production of paper. The Sirpur Mill's project is expected to materialise by the end of 1948.

Government have no information regarding projects for the manufacture of pulp for sale to other manufacturers of paper.

Seth Govind Das: Out of the new mills which are going to be established in India, how many of them are going to fix up plants for producing newsprint particularly?

Mr. M. P. Pai: Two mills are going into the production of newsprint alone.

Seth Govind Das: And out of the remaining mills, is it going to be mixed production of newsprint and other paper?

Mr. M. P. Pai: Not so far as I know. So far as we are aware, the other mills will only produce paper for printing and writing.

Mr. Yusuf Abdoola Haroon: Will the Sirpur Paper Mill produce newsprint by the end of 1948?

Mr. M. P. Pai: That is what we have been told

Prof. N. G. Ranga: May I know what steps are being taken to encourage the production of handmade paper?

Mr. M. P. Pai: Handmade paper is largely a cottage industry lying within the province of the Provincial Governments

Prof. N. G. Ranga: Is it not the function of the Central Government to encourage these cottage industries, particularly handmade paper, in view of the fact that India is so much dependent upon foreign mill paper, both newsprint and other varieties?

Mr. M. P. Pai: The Central Government has not the machinery for taking an active interest in cottage industries

Prof. N. G. Ranga: May I know what sort of assistance is given to these Provincial Governments to encourage them to promote the manufacture of handmade paper?

Mr. M. P. Pai: So far as I am aware, no assistance has been asked for

Mr. Vadilal Lallubhai: Is the matter of encouraging small scale industries it within the province of the Central Government?

Mr. M. P. Pai: Very largely, yes

Mr. Mann Subedar: Having regard to the reduced production in 1946-47 and having regard to the increase in Government's consumption of ten thousand tons which has made a very heavy hole in the amount available to the civil population, will Government make some special efforts to import the quantity which they require and to leave free for the civil population whatever small quantity is available here?

Mr. M. P. Pai: As against two thousand tons programmed for imports last year, Government propose to import between ten and twelve thousand tons this year

Prof. N. G. Ranga: Will Government themselves consider the advisability of taking the initiative and preparing a scheme for the development of the manufacture of handmade paper and invite the co-operation of the Provincial Governments, so that there can be an all-India development of this industry?

Mr. President: I believe he has already said that the initiative lies with the Provincial Governments

Prof. N. G. Ranga: I suggest that the Government of India should take the initiative

Pandit Balkrishna Sharma: May I know the total amount of paper which is annually consumed in the country, both newsprint as well as white paper?

Mr. M. P. Pai: It can only be a guess made on pre-war consumption and what we think is the increase in literacy, in political movements and so forth. On a rough guess I think India today could easily consume something like 60 thousand tons of newsprint and about 120 thousand tons of white printing paper

Seth Govind Das: Will Government see so far as the Central Government is concerned that for their own requirements they get this handmade paper prepared by the Centrally administered areas

Mr. M. P. Pai: It is rather difficult to use handmade paper for Government purposes unless it is for semi-official communications, because we must have that paper in certain sizes and in large quantities of each size

Mr. Sasanka Sekhar Sanyal: Is there any informations as to what are the places where handmade paper is actually produced?

Mr. M. P. Pai: Handmade paper is made all over the country. There are very many centres where handmade paper is made in large quantities. It is made in various sizes which Government cannot very easily make use of.

Mr. Mann Subedar: Have Government examined the suggestion which I have made in this House that the import duty on paper of the quality which is being produced in India may be suspended for the next year in order to procure such minimum quantities of printing paper as may be available in foreign countries?

Mr. M. P. Pai: I have answered that question some time previously in the House. Government have no reason to believe that the removal of the import duties will lead to increased imports. So far as our information goes, most manufacturing countries allocate their production to various markets and India has a certain quota which will neither go up nor down according to our tariff policy.

Mr. Mann Subedar: Are Government aware that books printed in the United Kingdom and elsewhere come here free of duty and this has induced many people to print their books there and will they try to equalise the advantage and disadvantage between the local printer and publisher and the foreign printer and publisher?

Mr. M. P. Pai: The suggestion will be considered.

Prof. N. G. Ranga: Are Government aware that the Assembly Department is using handmade paper in certain specified sizes and everybody is satisfied with that paper and one can write much more rapidly over that paper as against the paper that you supply?

Mr. President: The Honourable Member is referring to the stationery supplied to members. That is only a fraction.

Prof. N. G. Ranga: If proper encouragement is given, similar satisfactory paper can be supplied to Government in various sizes.

Mr. President: This question has been sufficiently discussed. Next question.

PANEL FOR CONSIDERING THE DEVELOPMENT WITH REGARD TO PAPER

1189. *Mr. Mann Subedar: (a) Will the Honourable Member for Industries and Supplies please state whether there was a panel for considering the future development with regard to paper and if so, whether it has reported?

(b) If so, do Government propose to place a copy of the report on the table of the House?

(c) What steps are Government taking to meet the increased demand for paper on account of (i) increase in population, and (ii) extension of education?

Mr. M. P. Pai: (a) Yes, a Panel was constituted to enquire into the possibilities of post-war development of paper, board, pulp and chemical cotton industry and advise Government in the matter. The Panel has submitted its report which will be published shortly.

(b) I lay on the table a cyclostyled copy of the report† as printed copies have not yet been received.

(c) The Honourable Member's attention is invited to the reply given to Part (e) of his Starred Question No. 439 in this House on the 22nd February 1946 and also to the reply to his earlier question No. 1187 today.

Mr. Vadilal Lallubhai: What were the conditions regarding handmade paper?

Mr. M. P. Pai: I want notice.

†Not printed in these Debates. A copy placed in the Library of the House.—Ed of D.

COST OF PRODUCTION OF PAPER IN INDIA

1190. *Mr. Manu Subedar: (a) Will the Honourable Member for Industries and Supplies please state how does the cost of production of paper in India compare with the cost of production abroad?

(b) How do Government propose to get the cost of production in India reduced?

(c) Have Government had this question under examination and, if so, by whom?

(d) Are Government in a position to state their policy on this subject?

Mr. M. P. Pai: (a) It is not possible for me to give accurate information regarding the present day cost of production of paper in India or abroad. Efforts made to collect necessary information in respect of the cost of production of paper abroad through our representatives in the U K and the U S A. have not yielded any fruitful results as the authorities concerned are unwilling to divulge the information owing to its confidential character

(b) and (c) Government have been encouraging increased production and thereby reducing costs. The measures taken by them in this direction include:

- (1) A review every month of the allocation of coal to Paper Mills and provision of transport facilities for moving essential raw materials to them,
- (2) A prohibition of the export of rags and other paper making materials so as to keep down the prices of raw materials,
- (3) Assistance is given to Paper Mills in securing raw materials and chemicals and in importing essential machinery,
- (4) Inspection of Paper Mills by the expert staff of the D. G., I & S., who give the mills advice on production problems,
- (5) Restrictions of production to certain specified varieties of paper so as to secure the maximum production.

(d) Government's policy is to secure the maximum production of paper at the minimum cost. They have succeeded in the gradual reduction of paper prices and the extent to which they have succeeded will be seen from the following figures of prices of bleached printing paper which is the basic variety:

		Price per lb.		
		Rs	As	Ps
Year immediately preceding the war		0	3	4
1943		0	8	0
1944		0	8	0
1945		0	8	0
1946	January—May	0	7	10½
	June—December.	0	7	5
1947		0	7	5

Mr. Manu Subedar: In the recent Tariff Board inquiry on paper have not the relative costs between Indian production and the production abroad come out and if they have come out, will not the Government consider the question of reducing the prices of paper for the consumer in this country?

Mr. M. P. Pai: The Tariff Board has only made more or less a guess as to what the cost of production abroad is likely to be. That cost is substantially higher than the cost of production of paper in India. It can by no means help us as to what the fair price of Indian paper will be

Mr. Vadilal Lallubhai: In view of the fact that the foreigners are not prepared to divulge their secrets may I know what the Government of India are doing in regard to research so that we may be able to reduce the price of paper?

Mr. M. P. Pal: The Forest Research Institute at Dehra Dun has done considerable research work on paper. Besides that and besides the work which is done in the mills, there is no other means by which Government can attempt to reach such economy as is suggested.

Mr. Vadial Lalubhai: May I know the result of the researches made at the Dehra Dun Institute and whether they have helped to decrease the price of paper?

Mr. M. P. Pal: It is rather a theoretical research which the Mills must put to practical use.

Mr. Vadial Lalubhai: Will Government see to it that our research is not only in theory but it is devised in such a way that it will be able to reduce our production cost on all sides?

Sri V. C. Vellingiri Gounder: Considering the amount of waste-paper that is not made use of and which can be used as raw material for the production of paper, will Government take steps to see that it is not wasted?

Mr. M. P. Pal: Waste-paper is one of the most valuable sources of raw material for the mills and as much of it as is possible is being collected by them.

Sri V. C. Vellingiri Gounder: But we see every day a large quantity of waste paper being burnt?

Mr. President: It is more or less a question of opinion. He has already stated that it is for the manufacturers to put the theoretical results to practical test.

Mr. Yusuf Abdoola Haroon: May I know whether the Government are trying to collect this information from the local industries in India because I believe Sirpur representatives at least had gone to foreign countries to study the production of newsprint and its cost? Have the Government tried to collect this information from them?

Mr. M. P. Pal: It is true that not only the Sirpur Mills' representatives but the representatives of other mills have also gone abroad to study the production of paper in western countries, but I do not see how can the Government ask them to produce this information or pass it on to the other producers of paper here.

Mr. Manu Subedar: I am not clear from what the Honourable Member said. In the first part he said that people in Europe and elsewhere will not disclose their costs and then later on he said that the foreign costs are believed to be higher than the Indian production costs. May I ask the Honourable Secretary to give this House information on this subject after some inquiry as to whether foreign costs are not very much lower than the cost of production in India and if Indian costs are higher what can be done to bring them down?

Mr. M. P. Pal: We have no means of finding out what the actual costs are. We can only guess them from the selling prices in the countries of production.

Seth Govind Das: Are Government aware that waste paper, about which the Honourable Secretary just said that it is most useful for making paper, is the best raw material for hand-made paper and it is being freely used in the mills? Under these circumstances, will Government see that this waste paper is used for hand-made paper and that some such industry is established in the Centrally administered areas where hand-made paper could be made of this waste paper?

Mr. M. P. Pal: The suggestion will be considered.

Mr. Yusuf Abdoola Haroon: Is it not a fact that the Government do send for the costs of sugar factories and similar other factories in order to know their cost of production? If so, why should not the Government ask for the cost of production from the paper mills?

Mr. M. P. Pai: Investigations have been made to ascertain the cost of production of paper but it has not been possible to arrive at an accurate figure. We have examined the papers of paper mills but it is not possible to arrive at an accurate figure thus

Shri Mohan Lal Saksena: May I know if any research work is being done in the manufacture of hand-made paper at the Dehra Dun Institute?

Mr. M. P. Pai: I could not tell you that off-hand

PROPOSED CHANGE IN CEILING PRICE OF PAPER

1191. ***Mr. Ahmed E. H. Jaffer:** Will the Honourable Member for Industries and Supplies be pleased to state

(a) whether it is a fact that the ceiling price of cotton is proposed to be changed in the near future, if so, how and for what reasons, and

(b) the steps that are being taken by Government to safeguard the interests of cotton growers?

Mr. M. P. Pai: (a) and (b) Government have fixed floor prices in order to ensure a reasonable return to cotton growers, and have undertaken to purchase cotton if prices go down to the floors fixed. These floor prices were increased by roughly 23 per cent in October 1946. The Honourable Member is aware that the Commodities Prices Board is in possession of the subject and any discussion on the floor of the House through interpellations will encourage speculation and do no good to growers

Mr. Ahmed E. H. Jaffer: Are Government aware of the fact that the mill-owners are not buying cotton even at the floor prices and what steps do Government propose to take to see that the price of cotton does not go down further?

Mr. President: The Honourable Member has already replied to that. He has said that Government are prepared to purchase cotton at that price

Mr. Ahmed E. H. Jaffer: May I know what arrangements Government have made to make available suitable godowns for stocking this cotton because the fact is that Government have no godowns to stock this cotton?

Mr. President: It is more or less giving information

Mr. Ahmed E. H. Jaffer: What arrangements have Government made to make available suitable godowns if Government is going to buy this cotton?

Mr. M. P. Pai: Government have no permanent godowns of their own, but they have arranged with various dealers who do the buying for Government to stock it if they are ever called upon to buy cotton at floor prices. In fact, in 1945 Government purchased no less than 2½ lakhs of bales at the floor prices

Mr. Ahmed E. H. Jaffer: In view of the fact that thousands of bales are lying idle in India, may I know what steps Government are taking for their export outside India?

Mr. President: I do not think that question arises

Prof. N. G. Ranga: Will Government inquire whether it is a fact that the merchants today are not purchasing cotton at the floor prices and whether it is also a fact that Government at present are not purchasing at floor prices?

Mr. M. P. Pai: Government had only one offer of cotton at the floor price, which consisted of a lot of about 2,000 bales. This happened about six weeks ago, but before that offer could be accepted, it was withdrawn

Mr. Yusuf Abdoola Haroon: In order to safeguard the interests of the cotton grower, is it not necessary to allow some export of this cotton in order to encourage the mills in India to buy the stock?

Mr. M. P. Pai: The mills carry very heavy stocks. In fact, we went into the position last month and found that most of the mills had as much as six

months stock. Nevertheless, there is a substantial export and quotas have been fixed for the year. I do not think there is any reason to suppose that prices have become depressed purely on account of the export quota being what it is.

Mr. Yusuf Abdoola Haroon: The interests of the industry should not be safeguarded at the cost of the agriculturist. Because the mills have got a stock of six months, there is no reason why they should not buy more and the prices of cotton should be allowed to go down.

Mr. President: That is a matter of argument.

Mr. Tamizuddin Khan: Has the Government purchased any quantity of cotton this year, and, if so, how much?

Mr. M. P. Pai: There was only one offer which was withdrawn before it could be accepted.

Pandit Balkrishna Sharma: Is there any agency to put down the throat of millowners excess cotton that might be left in the market?

Prof. N. G. Ranga: May I ask whether Government will consider the advisability of increasing the export quota for Indian cotton in view of the fact that millowners are not able to purchase any more from the stocks already held and there is no market for so much surplus cotton in India?

Mr. M. P. Pai: This question should be addressed to the Honourable the Commerce Member.

POLICY *re* NATIONALISATION OF CIVIL AVIATION IN INDIA

1192. ***Mr. Ahmed E. H. Jaffer:** Will the Secretary of the Communications Department be pleased to state whether Government propose to make a statement on their policy regarding the nationalisation of civil aviation in India?

Mr. Masarrat Husain Zuberi: The question of nationalisation of air transport in India is still under the consideration of the Government and I am, therefore, unable to make any statement at present.

SUPPLY OF FOOD STUFFS FROM RUSSIA

1193. ***Mr. Ahmed E. H. Jaffer:** (a) Will the Secretary of the Food Department, be pleased to state what efforts Government have made to find out whether Russia could supply food stuffs to India?

(b) Has any Mission gone from India to Russia to negotiate this and to establish economic relations with that country?

(c) Have Government made any effort to negotiate barter agreements with the Governments of China, Persia, Afghanistan, Iraq, the Republics of Indonesia, Argentina and Siam and if so with what result?

Mr. K. L. Panjabli: (a) and (b) An approach was made to the Soviet Government through their Trade Agent in India and through a special Envoy but owing to drought in a number of important agricultural Districts of the U S S R., the Soviet Government expressed their inability to send any cereals to India.

(c) China and Afghanistan are not exporting countries. As regards the other countries mentioned by the Honourable Member his attention is invited to the Memorandum on Food Situation circulated to Members of the House at the commencement of the current session.

HIGHER CLASS ACCOMMODATION ON DELHI EXPRESS BETWEEN BOMBAY AND DELHI

1194. ***Mr. Ahmed E. H. Jaffer:** (a) Will the Honourable Member for Railways be pleased to state the number of first and second class coaches attached to the Delhi Express running between Bombay and Delhi?

(b) Are Government aware that there is a great rush at intermediate stations like Dohad, Ratlam, Baroda etc., and that the compartments are overcrowded and the passengers have to sleep on the floor of the compartments?

(c) Do Government propose to take steps to have additional higher class coaches attached to this train?

(d) Are Government aware that there is no air-conditioned coach on this train?

(e) Are Government aware that there is no dining car (for English food) attached to this train?

(f) Do Government propose to take steps to have these provided?

The Honourable Dr. John Matthai: (a) One 1st and 2nd class composite bogie between Bombay and Delhi and one 2nd and 3rd class composite bogie between Bombay and Ratlam

(b) Enquiries made by the Railway Administration show that such is not generally the case but, occasionally there are more passengers than sleeping accommodation is available for as opposed to seating accommodation

(c) This has already engaged the attention of the Railway Administration and the matter is receiving consideration

(d) No air-conditioned coaches are provided on these trains. For those who desire to travel in air-conditioned coaches between Bombay and Delhi the service is available on the Frontier Mail trains which are faster services and follow the same route as the Express trains

(e) Yes But these trains are timed to arrive at meal times at stations where European style Refreshment Rooms exist for service

(f) The Honourable Member is referred to the replies given to (c), (d) and (e) above

Mr. Vadilal Lalubhai: Are Government aware that Baroda station is a very small station? Is it a fact that a large number of trains pass at night through the Baroda station and that the space in the platform is so small that passengers are not able to get themselves accommodated on the platform or in the waiting rooms and in view of this fact will the Government consider the desirability of enlarging that station which is now too small for the traffic?

Mr. President: That question does not arise out of this question The present question relates to running of trains and not to stations?

Mr. Ahmed E. H. Jaffer: With reference to part (e), in view of the fact that the trains always run four or five hours late, what is the position of passengers who cannot reach the stations where refreshment rooms are provided and are they to go on hunger strike?

The Honourable Dr. John Matthai: We try to adjust the situation as far as possible to the present day conditions of traffic

INTRODUCTION OF 'SCOOTER' TO MEET MOTOR CAR AND PETROL SHORTAGE

1195. *Sri V. C. Vellingiri Gounder: (a) Will the Honourable Member for Industries and Supplies be pleased to state whether the attention of Government has been drawn to a scooter, an account of which appears on page 12 in the *Times of India Illustrated Weekly*, dated 27th October 1946?

(b) Do Government propose to make enquiries about it with a view to introducing similar machinery in India to meet motor car and petrol shortage?

Mr. M. P. Pai: (a) Yes

(b) Import of such vehicles is freely allowed The feasibility of indigenous manufacture will be examined

Sri V. C. Vellingiri Gounder: On the question of allowing imports, why should not Government get some samples?

Mr. M. P. Pai: Similar scooters are available in this country I have seen many myself on the roads I do not think there is any need for Government to import this Japanese model

Sri V. G. Vellingri Gounder: Is it a power scooter on the model of what is found in that magazine?

Mr. M. P. Pal: On the same idea

Sri V. G. Vellingri Gounder: I want on the same model

DAMAGE TO FOOD CROPS IN MADRAS AND C P FROM HEAVY RAINS

1196. *Seth Govind Das: Will the Secretary of the Food Department be pleased to state

(a) to what extent the recent heavy rains in certain parts of the Madras Province and in the northern parts of the Central Provinces have damaged the food crops, and

(b) what are the repercussions on the food position of the Provinces concerned and the country as a whole?

Mr. K. L. Panjabi: (a) Heavy rains in December caused some damage to the rice crop in certain parts of Madras. In Northern C P, the standing rice and jawar crops which were already poor suffered some further damage but these crops are not so important in this region. It was to wheat that this rain caused serious damage. Some of the land had to be resown, and even then the area is likely to be less by 10 to 15 per cent. The damage from this rain was followed by a most severe attack of rust and the wheat crop in the C P is not expected to yield more than 4 annas in the rupee.

(b) On the whole the Madras rice crop has been good and certainly very much better than the poor crop of last year. The damage in the C P has been very serious and this Province which is normally surplus except for some quantities of wheat, will now need considerable assistance from supplies from the Centre for some months. It will be difficult to meet the wheat needs of this Province with wheat but substitute coarse grains will be available.

Seth Govind Das: Are Government aware that as far as the northern parts of C P are concerned, it is not expected that the cultivators will have even sufficient seeds for the next season and under these circumstances, what arrangements are Government of India making for giving sufficient seeds to C P Government?

Sir Pheroze Kharegat: Government are aware of the fact that a great part of wheat crop in the northern parts of the C P has been destroyed and that there is likely to be an acute shortage of wheat seed for the next season. Steps are therefore being taken in order to obtain suitable seed from other parts of the country, such as the Bundelkand area and southern Behar, which will be suitable for C P conditions and steps are being taken to purchase such seeds and make them available to the C P.

Seth Govind Das: Are Government aware that in that part of the province, there is generally a complaint of rust because there is untimely rain generally there in December and January? Will Government see that the seed that is supplied to that part of the country is of such quality which though not absolutely rust proof is at least some rust proof?

Sir Pheroze Kharegat: Yes, Sir. There is no known wheat at present which is absolutely rust proof. Attempts are being made to supply that area with seed of I P 32 and such other varieties which are relatively less susceptible to rust.

Mr. Sasanka Sekhar Sanyal: May I know whether the Government will take into consideration the question of crop insurance, particularly after the matter came up for discussion on a Resolution on the floor of the House?

Sir Pheroze Kharegat: Yes, Sir. The matter was discussed at great length by this House and an assurance was then given that efforts would be made to see that we would work out some suitable system of insurance and steps are being taken in that direction.

Seth Govind Das: Can it be expected that by the next harvest some sort of crop insurance we shall have, so that if next year also the same set of circumstances prevail, then at least the cultivators would be helped to some extent?

Sir Pheroze Kharegat: I am afraid I can give no assurance that a scheme of crop insurance can really be brought into effect before next year.

Mr. Sasanka Sekhar Sanyal: What are the actual steps that are being taken by Government after the matter was discussed on the floor of the House and before today?

Sir Pheroze Kharegat: The step that has been taken is to try to obtain an officer who is an expert in such matters and who would work out a detailed scheme of crop insurance which will then be considered further.

Seth Govind Das: Are Government aware that in the State of Dewas (Jumot) some sort of crop insurance is in existence and will Government call for statistics from that State and see how the crop insurance is going on in that small State?

Sir Pheroze Kharegat: Certainly.

Prof. N. G. Ranga: What reliefs and what encouragement are being given to peasants who had suffered seriously owing to floods in Madras Presidency, especially Katpadi area where large acres of land have been inundated and covered up? The peasants there have been asking for assistance from Government for the supply of bull dozers and have Government supplied the same?

Sir Pheroze Kharegat: I have no information on that point. But it is primarily the concern of the Madras Government. If they need any assistance in the shape of bull dozers or any other things, I am sure they will apply to us and we will do our best and render them all the help we can.

PERMITS FOR PUBLICATION OF NEW DAILIES AND WEEKLIES DURING 1946

1197. *Seth Govind Das: Will the Honourable Member for Industries and Supplies be pleased to state—

(a) the number of permits that were given for publication of new dailies and weeklies during the year 1946,

(b) the number of permits that were actually availed of,

(c) the principle followed by Government in the issue of these permits, and

(d) whether the number of sanctioned permits is consistent with the paper situation in India at present?

Mr. M. P. Pai: (a) The total number of newspapers and periodicals permitted to start or restart publication during the year 1946 was 36 dailies and 125 weeklies. These included 30 dailies and 24 weeklies permitted on newsprint.

(b) So far as Government are aware, out of 30 dailies and 24 weeklies permitted to come out on newsprint, 13 dailies and 14 weeklies started publication before the end of the year 1946. It is understood that preliminary arrangements in respect of the others had not been completed before the close of the year. No information is however available as to how many of the journals that were permitted to be brought out on paper other than newsprint had actually commenced publication as unlike newsprint the Central Government do not issue permits for the purchase of such paper.

(c) In view of the shortage of paper permission to start a new newspaper or periodical has in the past been given only in exceptional cases e.g., if it represents views of an important political party or group or advocates policy which is not already represented in adequate measure or is otherwise likely to serve a useful purpose.

(d) So far as newsprint is concerned permission was granted to the newspapers in question when the supply position was not acute. As the Honourable Member is no doubt aware, it has already been decided to relax the control on the

acquisition and consumption of newsprint with effect from the 1st April 1947 from which date there will be no restriction on the starting of dailies, weeklies and monthlies on newsprint

Supply position of paper other than newsprint is not quite satisfactory and permission for publication of journals on paper other than newsprint is therefore being granted sparingly

LATE RUNNING OF PURI-HOWRAH PASSENGER ON 18TH NOVEMBER DUE TO OBJECTION BY GUARD TO FLYING OF CONGRESS FLAG FROM BOGIE

1198. *Seth Govind Das: (a) Will the Honourable Member for Railways please state whether Government are aware that the 5 Down Puri-Howrah Passenger Train carrying Congress delegates to the Meerut Session was delayed for more than 40 minutes at Khurda Road (Bengal Nagpur Railway) on the 18th November last, following an objection by the Guard of the train, to the flying of a Congress flag from the window of a compartment of the special bogie in which Congress delegates were travelling?

(b) If so, what action was taken by the authorities in the matter?

The Honourable Dr. John Matthai: (a) and (b) The train in question was detained for 17 minutes, and not 40 minutes as alleged, owing to the guard objecting to the flag being flown from the window of the carriage in which the delegates were travelling, as he contended that it was likely to be mistaken by the driver for a red or green signal flag. The railway authorities, however, consider that, whatever justification there may have been for the guard's contention, he should have used his discretion and should not have detained the train on this account. The guard has been severely warned for detaining the train under such circumstances.

Seth Govind Das: Are Government aware that there can be no confusion as the tri-colour flag of the Congress does not contain the red colour but saffron, blue and green and that the explanation given by the guard was only a pretext?

Mr. President: Order, order, I think this is a matter of opinion and argument. What is the information that the Honourable Member wants?

Seth Govind Das: Was the guard's explanation considered by Government to be satisfactory?

Mr. President: The reply has been given that he was repudiated. The matter ends there. Next question.

ROAD RESEARCH STATION IN DELHI

1199. *Pandit Sri Krishna Dutt Paliwal: Will the Honourable Member for Transport be pleased to state

(a) whether Government have decided to establish a Road Research Station in Delhi,

(b) the details of the estimated initial expenditure for the establishment of the station, and

(c) whether plans for cheap and durable rural roads will also be considered there?

The Honourable Dr. John Matthai: (a) Yes but the location in Delhi has not been finally decided.

(b) The initial expenditure is estimated at eleven lakhs of rupees, out of which, three lakhs will be spent on buildings and the rest on equipment.

(c) Yes

SHIFTING OF DACCA HEAD POST OFFICE TO OTHER LOCALITY

1200. ***Mr. Tamizuddin Khan:** Will the Secretary of the Communications Department be pleased to state

(a) whether Government are aware that the Dacca Head Post Office is situated in a locality inhabited almost exclusively by people belonging to one community,

(b) whether Government are aware (i) that communal disturbances are very frequent in the city, (ii) that during the worst days of the recent disturbances in the city members of the staff belonging to other communities could not go to the office, and (iii) that members of the public belonging to these other communities were deprived of certain postal facilities for not being able to go to the post office, and

(c) if the answers to parts (a) and (b) above are in the affirmative whether Government propose to consider the desirability of shifting the Head Post Office to a place safely accessible to people belonging to all the communities?

Mr. Masarrat Husain Zuberi: (a) Yes

(b) (i) Unfortunately there have been several communal disturbances in Dacca

(ii) During the worst days of disturbances members of staff belonging to both communities living at a distance from the post office and who had to pass through areas inhabited by other communities were not able to attend the office

(iii) During the period of serious disturbances, work at the post office counters remained suspended and members of the public of both communities did not feel it safe to leave their residences

(c) The suggestion will be examined

Mr. K. O. Neogy: In connection with the reply to the last part of the question, will the position of each post office in all the areas where communal disturbances have taken place be examined from this particular point of view, and if necessary separate post offices for Muslims and non-Muslims set up in each such area?

Mr. Masarrat Husain Zuberi: I am afraid it would not be humanly possible to examine the position of each and every post office, but if the Honourable Member will bring forward any other particular case I will examine it

Mr. K. O. Neogy: I want to know whether Government are going to pursue the matter as a matter of general policy or only on the basis of individual complaints that may be brought forward?

Mr. Masarrat Husain Zuberi: It depends on circumstances. If so happens that Dacca has been a very bad case of disturbed area and there have been serious complaints

Prof. N. G. Ranga: What is the policy of Government in such cases? After all these communal disturbances are not confined to Dacca alone but they take place frequently in other places also

Mr. President: The question will be hypothetical

Prof. N. G. Ranga: Have Government any policy in regard to locating their post offices?

Mr. President: That has been already replied to

Prof. N. G. Ranga: Only in regard to one place

Mr. Masarrat Husain Zuberi: I said that if any serious case of a disturbed area is brought to my notice, I shall be prepared to examine it. The policy of the Government is to examine each case brought forward on its merits

Prof. N. G. Ranga: In view of these disturbances occurring in several places have Government any policy about locating the post offices?

Mr. President: He said there is no policy, individual cases will be examined.

Mr. K. O. Neogy: Is it not a fact that in very many other post offices in some of the disturbed areas the staff found it difficult to attend their offices, to whichever community they may have belonged, and that the public at large also found it difficult to avail themselves of the facilities of these post offices?

Mr. Masarrat Husain Zuberi: That is unfortunately true. The question was not about the location of the post office but whether it could be shifted to a safer place. I have not said that it will be shifted but that I am prepared to examine the question.

ABSENCE OF WIRELESS SET IN AEROPLANE FLYING BETWEEN DELHI AND LUCKNOW

†1201. ***Maharajkumar Dr. Sir Vijaya Ananda:** Will the Secretary of the Communications Department be pleased to state

(a) why there is no wireless set on the plane that flies between Delhi and Lucknow,

(b) whether it is a fact that during the last Budget Session, 1946 this question was brought up with great force owing to the sad death of Mr. Ramachandra Rao, who was piloting a plane similar to the one that now flies between Delhi and Lucknow; and

(c) the reason for not providing this plane with a wireless set while other planes are provided with wireless sets?

Mr. Masarrat Husain Zuberi: (a) and (c) Carriage of wireless set is obligatory only in air-craft the carrying capacity of which is not less than ten persons including the crew, engaged on international air navigation or regular air transport services in British India. As the aircraft which operate on the Delhi-Lucknow route are normally Dornier type, the carrying capacity of which is less than ten persons including the crew, they are not required to carry wireless sets.

(b) Yes

CONTRACT FOR CASH AND PAYMENT WORK ON N W RAILWAY

†1202. ***Mr. Muhammad Rahmat-Ullah:** Will the Honourable Member for Railways be pleased to state

(a) whether it is a fact that the contract for cash and payment work on Oudh and Tirhut Railway was terminated during the war and that the work is being carried out departmentally, and

(b) if the reply to part (a) above be in the affirmative, the special reasons why similar action is not possible in the case of the cash contractor of the North Western Railway?

The Honourable Dr. John Matthai: (a) Yes

(b) The contracts with the O T Railway, transporters were terminated because their services were considered unsatisfactory and uneconomical. On the North Western Railway the contract system has worked both satisfactorily and economically and no change has been considered necessary so far, though the House will recall that I recently stated that this is a matter which will be reviewed from time to time.

†Answer to this question laid on the table, the questioner being absent

FACILITIES FOR PASSENGERS AT KACHLA BRIDGE STATION ON O. T. RAILWAY

1903. *Pandit Sri Krishna Dutt Paliwal: Will the Honourable Member for Railways please state.

(a) whether Government are aware that the Kachla Bridge Station on the Oudh and Tirhut Railway is a very important one where not only during important *melas* but also on every *Purnamasi* day people detain in thousands to bathe in the Ganges;

(b) whether Government are aware that the station platform is too narrow to accommodate such large multitudes and that arrangements for shelter from the sun are not adequate;

(c) whether Government are aware that the waiting rooms are insufficient in number and that there is no proper arrangement to accommodate ladies at the station,

(d) whether Government are aware that there are neither arrangements for despatch of parcels, nor for sending telegraphic or telephonic messages; and

(e) the steps that Government propose to take to provide the above facilities?

The Honourable Dr. John Matthai: (a) Kachla Bridge Station is a Halt and is only of importance during *melas*

(b) The platform is admittedly small. It is scheduled to be increased in width and extended by 200 ft. in length in the Postwar Reconstruction Programme.

(c) The permanent General Waiting Shed is sufficient for normal traffic. The necessity for provision of temporary sheds to meet *mela* requirements will be investigated. There is already a ladies waiting room.

(d) The station is open for the booking of all coaching traffic including parcels, but is a non-telegraphic station.

(e) The steps Government intend to take are indicated under (b) and (c) above.

Mr. Vadial Lalubhai: With regard to parts (b) and (c), will the Honourable Member look to the difficulties of passengers at Baroda station?

Mr. President: The question relates not to Baroda but to another station.

COST OF OIL USED AND COST OF MANUFACTURE OF VANASPATI AND HYDROGENATED OIL, PER POUND

1204. *Pundit Thakur Das Bhargava: Will the Secretary of the Food Department please state the respective prices (retail as well as wholesale) of (i) One lb (pound) of oils used for manufacture of hydrogenated Vanaspati product, and (ii) One lb (pound) of Vanaspati (hydrogenated oil) as well as the cost of manufacture per pound of Vanaspati?

Mr. K. L. Panjabi: (i) Since the decontrol of oil, prices of groundnut oil, which is the oil commonly used in the manufacture of vanaspati, have shown great variation. Just before the control was lifted, the weighted average wholesale price of oil was 8 annas and 10 2 pies per lb.

(ii) The prices of vanaspati are fixed separately for each zone. The All India average ex-factory price is 11 annas 10½ pies per lb. This includes cost of manufacture at 1 anna and 2 pies per lb., and other charges such as cost of packing, transport and the excise duty. A copy of the Notification containing wholesale and retail prices of vanaspati is laid on the table of the House.

GOVERNMENT OF INDIA
DEPARTMENT OF FOOD
NOTIFICATION

New Delhi, the 28th February 1947

No. 6 VP (2)/47—In exercise of the powers conferred upon me by sub-clause (1) of clause 6 of the Vegetable Oil Products Control Order, 1946, and in supersession of the Notification of the Government of India in the Department of Food No. 6-VP(2)/46, dated

the 30th November 1946, I hereby fix as follows the maximum prices at which vegetable oil products may be sold with effect from 1st March 1947 —

I

Locality of sale	Maximum price per lb. net of vegetable Oil Product		
	When sold by producer or producer's distributing agent in large packs	When sold by any other person	
		In large packs	Loose in small quantities
1	2	3	4
	Rs. a p	Rs. a p	Rs. a p
1 Bombay town and suburbs	0 11 3	0 12 0	0 12 9
2 Bombay Province (excluding Bombay town and suburbs), but including Administered areas and Rly. Lands, in the former W. I. States Agency, Madras the Central Provinces and Berar, Coorg and Panth-Piplode	0 11 6	0 12 3	0 13 0
3 The Punjab, the United Provinces, the North West Frontier Province, Sind, Baluchistan, Delhi and Ajmer	0 12 6	0 13 3	0 14 0
4 Bengal Assam, Orissa and Bihar	0 12 3	0 13 0	0 13 9

NOTE — "Large packs" are packs (in producer's original sealed container) containing not less than 35 lbs. net of the products

II

Description	Maximum price per pack of vegetable oil product when sold in small packs	
	Wholesale	Retail
	Rs. a p	Rs. a p
Packs other than "Pakav" containing 10 lbs.	9 7 0	9 13 0
Packs other than "Pakav" containing 5 lbs.	4 15 3	5 2 6
Packs other than "Pakav" containing 2 lbs.	2 0 6	2 2 0
Packs other than "Pakav" containing 1 lb.	1 0 6	1 1 3
Packs containing 9 lbs. of "Pakav"	8 13 0	9 2 6
Packs containing 3 lbs. of "Pakav"	3 4 3	3 6 3

NOTE — "The maximum prices specified above under I and II are inclusive of freight but exclusive of octroi, terminal tax and similar other local taxes and also of sales tax"

When any such tax is paid, whether by the manufacturer, his distributing agent, a wholesaler or a retailer the maximum price as fixed above in respect of any transaction may be increased by an amount equal to the total of the taxes so paid at or before that transaction and may after the increase, be rounded off by to the nearest pice

N. T. MONE,

Vegetable Oil Products Controller for India.

Shri Mohan Lal Saksena: Is it a fact that complaints have been brought to the Honourable Member that in Delhi itself one of the mills charged more than the scheduled rates and it has included toll tax which it is not paying?

Mr. K. L. Panjabi: That forms the subject matter of another question which is coming on.

Prof. N. G. Ranga: What considerations have been taken into account by Government in fixing such high prices as 12 annas minus $1\frac{1}{2}$ pies, when the price of ground-nut per pound was fixed only at 9 annas minus 2 pies?

Mr. K. L. Panjabi: There are other factors which determine the fixation of price of Vanaspati. I might mention for the information of the House that the profit allowed to the manufacturers per ton is only Rs 85.

Prof. N. G. Ranga: That gives us no idea about the percentage of profit that they are able to make in view of the fact that the cost of manufacturing Vanaspati, as the Honourable Member has himself said, is only 1 anna and 2 pies per lb., and there is a margin of as much as 3 annas between the price of ground-nuts and the price of Vanaspati. How does the Government explain this great difference between these two prices?

Mr. K. L. Panjabi: May I mention some of the other factors which enter into the cost of Vanaspati? Interest on capital, advertisement cost, packing, railway freight, and the Excise Duty of Rs 100 per ton. These are some of the main factors which account for the difference.

Dr. G. V. Deshmukh: Could the Honourable Member tell us whether Vanaspati is used as an article of food or is it only used as a flavouring agent?

Mr. K. L. Panjabi: It is used for cooking.

Dr. G. V. Deshmukh: But has it any food value, does it produce any calories, does it act as a sort of food? I think I have explained sufficiently.

Mr. President: Is it a matter within the special cognizance of the Honourable Member?

Dr. G. V. Deshmukh: It should be. All these questions hang round this important question.

Mr. President: That will be a matter of argument.

Dr. G. V. Deshmukh: I am asking for information. Is it used as a food, or as a flavouring agent?

Mr. K. L. Panjabi: It is used as a food.

FOOD VALUE AND EFFECT ON HEALTH OF HYDROGENATED OIL AS COMPARED TO ORIGINAL OILS

1205. *Pundit Thakur Das Bhargava: (a) Will the Secretary of the Food Department please state whether Government ever got their experts to examine the respective effects of oils (in their original form) used for the manufacture of Vanaspati and the hydrogenated oil on human health?

(b) Are Government aware that these oils used in their original form are more health giving and less costly than the Vanaspati?

(c) Do Government propose to have the respective merits of these oils in original form and in the hydrogenated state examined by their experts for the benefit of the public at large, if it has not already been done?

Mr. K. L. Panjabi: (a) Yes, Sir.

(b) Oils are cheaper than Vanaspati. The result of scientific investigation which is still continuing regarding the comparative value of Vanaspati and other fats is not yet conclusive.

(c) Yes, Sir. Experiments on the composition and nutritive value of vegetable oils, hydrogenated oils, ghee and other fats commonly used in this country are being conducted.

Mr. Manu Subedar: Have Government seen the recent report of investigation by Col Sokhey from Bombay in which he has given results of his experiments on Vanaspati and in which it was pointed out that this was a very deleterious material and it had a bad effect on the eyes of the individuals who consume it?

Prof. N. G. Ranga: Not only eyes, but stomach also

Mr. K. L. Panjabi: I have seen the press report of what Col Sokhey said and he has also mentioned that the results are not conclusive and further experiments are being conducted by him

Mr. Manu Subedar: Having regard to the seriousness of this matter will Government depute an officer on this job so that he may have this matter carefully ascertained and the public may know precisely what is what, because the vegetable oil manufacturers, have come out with a rejoinder and the public is at present on a confused state? Is it not the duty of the Government to send out an officer for this work?

Mr. K. L. Panjabi: As I have already mentioned, no conclusive results have been obtained so far. We have an elaborate plan of research which has been put into operation. This includes feeding trials so that the effect of Vanaspati on health can be ascertained, and I do not see what else we can do at the moment.

Pandit Balkrishna Sharma: May I know from the Honourable the Food Secretary whether in any of the sub-committees Dr Aykroyd expressed his opinion that it was not injurious to human health?

Mr. K. L. Panjabi: Dr Aykroyd's report is that it is not injurious to human health, and that it is slightly better than bazar ghee

Dr. G. V. Deshmukh: Has the Honourable Member seen some scientists' reports that Vanaspati has no food value at all, and that it is not absorbed in the body because it melts on a higher temperature on account of its being solidified?

Mr. President: Order, order

Dr. G. V. Deshmukh: It is a very important question, Sir

Mr. President: It is a very important question, but it cannot be decided by votes

Shri Mohan Lal Saksena: Is the Honourable Member aware that his own Member in charge stated in this House that Vanaspati was injurious to health and experiments have been made on rats and it was found that they became blind?

Mr. K. L. Panjabi: The Honourable Member has stated the results which have been obtained so far. He also made it clear that further experiments were being conducted

Sir Gomasjee Jehangir: For how many years has Vanaspati been used in this country?

Mr. K. L. Panjabi: To the best of my information since 1914

Shri Mohan Lal Saksena: Is it not a fact that factories have multiplied during the last few years?

Mr. K. L. Panjabi: They have increased, and I believe there are about 22 factories now

BLACK-MARKETING IN OILS USED FOR MANUFACTURE OF VANASPATI.

1206. *Pundit Thakur Das Bhargava: (a) Will the Secretary of the Food Department be pleased to state if it is a fact that oils used for the manufacture of Vanaspati are not easily available to the public and that black-marketing in them is prevalent?

(b) Do Government propose to consider the advisability of making these oils available to the public by discontinuing the supplies of such oils for manufacture of Vanaspati?

Mr. K. L. Panjabi: (a) The oils used for manufacture of vanaspati are groundnut and cotton seed oils—the latter being used to a very small extent. Presumably the Honourable Member has groundnut oil in mind. Government are aware that there has been a shortage of this oil in certain parts of the country and that in the scarcity areas prices in excess of the statutory limits have been demanded. With effect from 5th of March Government have removed control over prices and movement of all oils except cocoanut oil. The effects of decontrol are being watched.

(b) Government do not supply any oil for manufacture of vanaspati and so the question of discontinuing such supplies does not arise.

ARTIFICIAL INSEMINATION OF COWS.

1207. *Pundit Thakur Das Bhargava: (a) Will the Secretary of the Department of Agriculture please state how long Government have been experimenting on the artificial insemination of cows and whether Government experts are satisfied with the results?

(b) What is the age of the longest lived cow or bull so produced and is the said animal in all respects like the natural born?

(c) What steps have Government taken to popularise production by artificial insemination?

(d) Have Government published any literature regarding the result of such experiments? If so, where is it to be found?

(e) Has artificial insemination been tried on other animals such as buffaloes, camels, sheep and goats?

(f) If so, on what other animals?

(g) Are the results equally satisfactory as in the case of cows?

Sir Pheroze Kharegat: (a) Research was started in November 1942 and actual work taken up at Ludhiana on the 1st April 1944 and at three other centres in November-December 1945. So far some 6,400 animals have been so inseminated. The percentage of fertility is 75 per cent and the experts are satisfied with this result.

(b) The oldest calf so produced is aged three years. She differs in no way from others born to natural service.

(c) The work has to be carried out by trained men, 83 technicians from provinces and States have so far been trained in this work. Where a Centre is started, propaganda is carried on by direct contact with livestock owners and through demonstrations and lectures during fairs and exhibitions.

(d) One paper was published in Indian Farming in 1945 and seven papers on artificial insemination and semen studies were published in the Proceedings of the 34th Session of the Indian Science Congress held in Delhi in 1947.

(e) Yes.

(f) On buffaloes, sheep, goats, poultry and to a small extent on horses.

(g) Yes.

Seth Govind Das: Are Government aware of any such place in the world where artificial insemination is practised on human beings?

Sir Pheroze Kharegat: I have no information on that point.

FACTORIES FOR REFINING OILS USED IN THE MANUFACTURE OF VANASPATI.

1208. *Pundit Thakur Das Bhargava: (a) Will the Secretary of the Food Department please state how many factories there are in the country which only refine the oils used in the manufacture of vanaspati without hydrogenating the same?

(b) Have Government given any encouragement so far to such industries? If not, why not?

Mr. K. L. Panjabi: (a) Detailed information is not readily available

(b) Yes Eleven licences for import of oil refining plant have been issued and further development of the industry is being examined by a Special Panel set up for this purpose

Shri Mohan Lal Saksena: Will the Government consider the advisability of not allowing this machinery to be imported unless they are satisfied that Vanaspati is not injurious to health?

Mr. K. L. Panjabi: It is a question of oil refinery, not Vanaspati

Shri Mohan Lal Saksena: Is it not a substitute for Vanaspati?

Mr. K. L. Panjabi: In the sense that oil and Vanaspati are both cooking medium

Mr. President: Order, order The question hour is over

(b) WRITTEN ANSWERS

RE-INSTATEMENT OF N. RAMAKRISHNAIAH OF BEZWADA ROYAL MAIL SERVICE AND OF D. VENKATESWARLU OF VIZAG AFTER ACQUITTAL BY COURTS MARTIAL.

1209. *Prof. N. G. Ranga: (a) Will the Secretary of the Communications Department be pleased to state if it is a fact that (1) N Ramakrishnaiah of Bezwada Royal Mail Service and (2) D Venkateswarlu of Vizag Royal Mail Service who joined the Army were Court-martialled and finally acquitted, and if so, when and for what offences?

(b) Is there any provision to reinstate them in their old appointments?

(c) If so, when will they be reinstated?

Mr. Masarrat Hussain Zuberi: (a) There is no record of N Ramakrishnaiah or D Venkateswarlu having been tried by Court Martial during their military service and of their acquittal. These two men while serving in the Far East were taken prisoners by the enemy and joined the Indian National Army. After recovery from the enemy, and in accordance with the normal procedure a Court of Enquiry was held to enquire into the circumstances in which they fell into enemy hands and their subsequent actions. Both of them were subsequently discharged from the Army.

(b) The general policy of Government in regard to Ex I N A personnel has already been made clear in reply to the Honourable Member's Starred Question No. 1032 on the 18th March, 1947.

(c) The matter is under consideration.

RECOVERY OF ADVANCE OF PAY TO OFFICIALS OF POSTS AND TELEGRAPHS IN CENTRAL AREAS DURING EVACUATION IN WAR TIME.

1210. *Prof. N. G. Ranga: (a) Will the Secretary of the Communications Department be pleased to state if any advance of pay was granted to the officials of the Post and Telegraph Department in the Coastal Areas during the evacuation in war time, and if so, has it been recovered?

(b) If recovered, is it a fact that the head of the department recommended the refund of recovery; and if so, why has it not been refunded yet and when will it be refunded?

Mr. Masarrat Hussain Zuberi: (a) Yes

(b) Yes The matter is under consideration.

PLANS FOR DEVELOPMENT OF FISHERIES IN INDIA.

1211. *Prof. N. G. Ranga: (a) Will the Secretary of the Department of Agriculture be pleased to state if Government have any plans for the development of fisheries in India during the next five years and if so what are they?

(b) Do they intend to develop cooperative societies of fishermen for deep sea fishing, preservation of fish, manufacture of oils, manures and their eventual sale?

(c) Do Government propose to give any grants to Provincial Governments and if so on what lines do they propose to develop fishing?

(d) Are any efforts being made to train fishermen in modern methods of fish culture, fishing, fish manufacturing processes, and making nets, etc.?

(e) Are there any big launches belonging to Government which can be used for fishing, and if so, how many and do Government propose to place them at the disposal of the fishermen?

Sir Pheroze Kharegat: (a) The plans of the Central Government provide for the establishment of (i) two marine fisheries research stations one at Karachi and the other at Mandapam (Madras), (ii) an inland fisheries research station near Calcutta and (iii) a technological research station at Bombay. In addition pilot work on deep sea fishing will be taken up with the aid of special power boats, (two of which have already been purchased) in order to assess the relative values of different types of power propelled craft and gear.

(b) The development of Co-operative Societies for fishermen is the responsibility of Provincial Governments. Until pilot work on the best methods of offshore and deep sea fishing has been carried out and some research done on the preservation of fish, the manufacture of oils, manures etc., it may not be possible to improve the methods of processing or enable Indian Fishermen to take up deep sea fishing.

(c) Block Grants have been allotted to provinces for their development schemes and it is expected that they will finance therefrom such scheme on behalf of fishermen as they think fit.

(d) Provincial Governments are expected to do this from the block grants allotted to them.

(e) Two fishing vessel have been purchased and will be used in part as training vessels for fishermen. They cannot however be placed at the disposal of fishermen. Two Marine diesel engines have been ordered which will be installed in small boats and experimental work will be started with them. It is hoped that they will be successful and found suitable for small fishermen in which cases provincial governments may help the fishermen by placing such boats at their disposal from out of their block grants.

RE-EMPLOYMENT AFTER RETIREMENT OF GAZETTED OFFICERS IN INDUSTRIES AND SUPPLIES DEPARTMENT.

1212. *Sri A. K. Menon: Will the Honourable Member for Industries and Supplies be pleased to state:

(a) the number and the names of the Gazetted Officers who have been appointed after retirement from Government service (Central or Provincial) in the Industries and Supplies Department including Statutory bodies like Indian Rubber Production Board, Coffee Cess Board etc.,

(b) the period they have been serving after retirement; and

(c) the number of extensions given to each and whether Government propose to grant further extensions to any of the above officers and if so, the reason therefor?

Mr. M. P. Pal: I lay on the table of the House a statement showing the information asked for.

Statement of gazetted officers employed after retirement in the Industries & Supplies Department including Statutory bodies like Indian Coffee Board, etc.

S. No.	Name of Officer (a)	Period of service after retirement (b)	No. of extension given	Whether any further extension is proposed to be given (c)	Reason for further extension
1	Mr. K. K. Mukerjee	Since August 1940	Department/ One	Yes	The Officer has not yet reached the age of superannuation. He was involved by an accident and retired some time back but is now fit for service.
2	Engineer Captain J. E. Maloney, C.I.E., R.I.N., (Retd.)	Since 9th May, 1942	Three	No	....
3	Mr. V. G. Rose, M.B.E.	Since 2nd January, 1943	Three	No	Due to the experience and specialised knowledge of the officer.
4	Mr. J. P. Harrison, C.S.I., C.I.E.	Since 25th February, 1946	Two	Yes, upto 1948	....
5	Mrs. S. N. Bunnerji	Since 1st October, 1946	Two	Question is under consideration.	The Officer is employed in the coal organisation. His specialised knowledge will be useful in connection with the setting up of a second power plant at Giridih.
6	M. J. S. Rogers	Since 28th April, 1945	Three	Yes	Due to the continuance of the Iron and Steel Control of which he has experience.
7	Sir Thomas Borwick, C.I.E., D.S.O., M.C.	Since 29th May, 1945	Two	No	Ditto.
8	Mr. A. C. Gupta	Since 16th June, 1942	Four	Yes, upto 1946	Ditto.
9	Mr. L. Henshaw	Since 1st March, 1943	Four	Yes, upto 1948	Ditto.
10	Mr. E. W. Schett	Since 29th May, 1946	Two	Yes, upto 1948	....
11	Mr. R. E. Brinkworth	Since 23rd March, 1946	One	No	....
12	Mr. Baladur A. N. Banerji	Since 13th June, 1942	One	No	....
13	Mr. W. F. West	Since 26th July, 1944	Two	No	....
14	Mr. Hina Raj	Since 2nd September, 1945	Two	No	....
15	Dewan Bahadur M. V. Vallodia	Since 1st October, 1943	Two	Indian Coffee Board Further extension will depend on the recommendation of the Board as appraised to the post which he holds as made in consultation with them.	....

RECOGNITION OF JUNIOR CAMBRIDGE CERTIFICATE AS EQUIVALENT TO MATRICULATION CERTIFICATE BY THE RAILWAY BOARD.

1213. *Seth Sukhdev: Will the Honourable Member for Railways be pleased to state

(a) whether the attention of Government has been drawn to the letter of the Deputy Director, Railway Board, dated 26th November 1946, addressed to the General Manager, Madras and Southern Maharashtra Railway, to the effect that the Board were advised that the European Middle School certificate may be treated equivalent to Junior Cambridge Certificate for the purpose of recruitment to the subordinate railway service;

(b) whether Government are aware that the Junior Cambridge Certificate is not recognised as an equivalent to the Matriculation Certificate by the Universities in India, and

(c) whether it is a fact that the Railway Board recognise Junior Cambridge Certificate as an equivalent to the Matriculation certificate and if so, why?

The Honourable Dr. John Matthai: (a) Yes

(b) The Cambridge Junior Certificate examination is not recognised as being equivalent to the Matriculation Certificate for purposes of admission to Universities in India

(c) A pass in the Cambridge Junior Certificate examination is accepted as the minimum qualification for admission to subordinate Railway service to the same extent as the Matriculation Certificate is accepted. As regards the latter portion of the question, Government consider that the standard of the Cambridge Junior Certificate examination is adequate to obtain suitable recruits for Railway subordinate posts

EXPENDITURE ON PRINTING PRESS FOR THE E. I. RAILWAY.

1214. *Mr. Hafiz M. Ghazanfarulla: (a) Will the Honourable Member for Railways please state what is the amount of money spent on the Printing Press for the East Indian Railway annually?

(b) What is the total strength of all the staff of the Printing Press?

(c) What is the amount of work turned out annually?

(d) Is there any officer who compares the amount of money spent with the work turned out?

(e) Is all the Printing work for the East Indian Railway done in the Railway Press?

(f) If not, what percentage of work is done by outside Presses?

(g) How does the cost of work done in the Railway Press compare with that done by the outside presses?

The Honourable Dr. John Matthai: (a), (b) and (c) A statement giving the information is placed on the table of the House.

(d) The usual check and supervision over the expenditure and the outturn of work is exercised by the Administrations' Accounts Officers

(e) and (f) Ordinarily all the printing work for the E. I. and B. A. Railways is done in the Railway Press. Due, however, to the strike in 1945 and the subsequent "go slow" policy of the workers in the Press it was found necessary to get a certain amount of printing work done by outside agencies. This practice has since been stopped.

(g) Government are informed that the cost of the work done in the Railway Press is generally lower than the cost of work by outside Presses

Statement

Printing Press, E. I. Railway

1. *Average amount of money spent annually on the Press*—Rs 23,48,000.
(N.B.—The Press performs the work of both the E. I and B A Railways)
2. *Total strength of staff*—1,233
3. *Estimate of work turned out by the Press annually*—
 - (i) General Printing—18,000 pages.
 - (ii) Forms and paper tickets—290,990,000
 - (iii) Card tickets—154,328,000.

ALLOTMENT TO UNITED PROVINCES OF COAL DUST FOR BRICK BURNING

1215. *Mr. Hafs M. Ghazanfarulla: (a) Will the Honourable Member for Industries and Supplies please state how much dust coal has been allotted to the United Provinces for brick burning during the year 1947?

- (b) What is the total quantity supplied upto the end of February, 1947?
 - (c) Will the balance be supplied by the end of the year?
 - (d) What is the quantity of steam coal allotted to the United Provinces for the year 1947?
 - (e) How does this compare with the last year's allotment?
 - (f) Do Government propose to arrange for providing sufficient steam coal to the United Provinces for use in the Ice Factories?
- Mr. M. P. Pai:** Necessary information is being collected and will be laid on the table of the House in due course

EXPENDITURE ON RAIL-ROAD SCHEME BY THE E I AND O. T. RAILWAYS

1216. *Mr. Hafs M. Ghazanfarulla: (a) Will the Honourable Member for Railways please state what is the total expenditure incurred excluding cost of lorries in starting the Rail-Road Scheme in the United Provinces up-to-date by the East Indian Railway and Oudh and Tirhut Railway separately?

- (b) Is the salary of higher staff included in the above expenditure?
- (c) If not, what is the amount of salary of higher staff deputed for the scheme?
- (d) What is the strength of the staff now employed on this scheme on the East Indian Railway and Oudh and Tirhut Railway separately?
- (e) Who is responsible for the payment of the money spent on this scheme?
- (f) Why are the Railways still keeping their staff and incurring expenditure when their share has been reduced and they will have no voice in the management of the companies?
- (g) Have the Railway authorities settled the claims of the promoters of different companies in their areas?
- (h) What is the total amount which the Railway will have to pay to the promoter appointed by them?
- (i) Who will bear the expenditure incurred by the Railways referred to in para (a) above?

The Honourable Dr. John Matthai: (a) The expenditure incurred by the East Indian and Oudh Tirhut Railways so far in connection with rail-road co-ordination schemes in the United Provinces is approximately Rs. 15,800 and Rs. 17,500 respectively.

- (b) Yes
- (c) Does not arise.

(d) No separate staff are exclusively employed by the East Indian and Oudh Tirhut Railways on the scheme in the United Provinces, the staff deal with road-rail co-ordination in all provinces and with schemes for collection and delivery services in the areas served by them

(e) The expenditure incurred by railways on the co-ordination of road and rail is borne by them

(f) The scheme of the United Provinces Government for road-rail co-ordination provides for railway participation both in capital investment and management. The railway staff are employed to ensure that the companies work satisfactorily and in the public interests

(g) No

(h) Promoters for the rail-road companies were appointed in 1945 by the Provincial Government. The details of the expenses incurred by them have not yet been received from all the promoters. In the first instance, the matter is under consideration with the Provincial Government. Although the legal liability is not fixed, the Railways will be prepared, if necessary, to bear their share of the out-of-pocket expenses incurred by promoters

(i) The expenditure referred to in part (a) of the question will be borne by the Railways

UNSATISFACTORY DISTRIBUTION OF IRON STEEL FOR INDUSTRIAL AND COMMERCIAL PURPOSES

1217. *Sgt. Seth Damodar Swroop: Will the Honourable Member for Industries and Supplies be pleased to state

(a) whether Government are aware that there is a general complaint to the effect that the distribution of iron and steel for industrial and commercial purposes is far from satisfactory,

(b) whether Government are aware that the new system of issuing permits through the Provincial Controller's office is causing delay in the issue of permits, and

(c) whether Government propose to obtain reports regarding the issue of permits from the various Provincial Governments?

Mr. M. P. Pai: (a) Complaint is mainly about insufficient quantities of Iron and Steel and not of mal-distribution

(b) and (c) The Honourable Member apparently refers to officers appointed by Provincial Governments to issue permits against the provincial quotas. If true, the point is a matter for interpellation in the provincial legislatures. The officers issuing permits are fully under the control of the provincial governments

INSTALLATION OF ELECTRIC RAILWAY LINE BEYOND VIRAR ON B. B. & C. I RAILWAY

1218. *Mr. Mohammad M. Killedar: (a) Will the Honourable Member for Railways please state whether Government propose to install electric Railway Line beyond Virar on Bombay, Baroda and Central India Railway?

(b) If so, when and up to what station is it proposed to be installed?

The Honourable Dr. John Matthai: (a) and (b). A proposal to extend the electrification of B. B. & C. I. main line from Virar to Ahmedabad a distance of 275 miles is now under consideration. A preliminary report by the B. B. & C. I. Railway has been referred to the Consulting Engineers for their expert advice and for working out details. As investigations are still proceeding and are yet incomplete it is not possible to say at this stage whether this electrification will materialise or when the work will be commenced.

POLICY OF RECRUITMENT OF WOMEN IN PLACE OF MEN IN THE TELEPHONE BRANCH

1219. *Mr. Mohammad M. Killekar: (a) Will the Secretary of the Communications Department please state whether it is the policy of Government to recruit women in place of men in the Telephone Branch?

(b) What is the reason for adopting this policy?

(c) Is it a fact that female operators are paid more than the male operators? If so, why?

(d) Have Government made any experiment in regard to the outturn of the work of the male and female operators? If so, what is the result?

(e) Is it a fact that in spite of the Departmental rules restricting employment of married women, they are still being employed as operators?

Mr. Masarrat Husain Zuberi: (a) No

(b) Does not arise

(c) Sometimes During the war, special scales which were higher than the substantive scales were sanctioned for purely temporary women operators. The scales for permanent operators are the same for women and men. The special scales for temporary women operators were introduced in order to attract suitable women who were not available on the ordinary departmental scales.

(d) No regular time tests have been carried out in India.

(e) The restriction on employment of married women was temporarily lifted during the war, some married women who were recruited at the time on a temporary basis, have been allowed to continue in their posts.

REPLACEMENT OF TEMPORARY TELEPHONE OPERATORS BY WAR SERVICE PERSONNEL

1220. *Mr. Mohammad M. Killekar: Will the Secretary of the Communications Department please state

(a) whether it is a fact that temporary Telephone Operators of any length of service are being replaced by war Service candidates, and

(b) the percentage that is fixed for the recruitment of War Service personnel?

Mr. Masarrat Husain Zuberi: (a) Temporary telephone operators recruited during the war have to be discharged to make room for departmental employees and demobilised Army personnel.

(b) Seventy per cent

REPORT ON COTTAGE INDUSTRY BY INDIAN TRADE COMMISSIONER AT JAPAN

1221. *Sri V. O. Vellingiri Gounder: (a) Will the Honourable Member for Industries and Supplies be pleased to state whether any action has been taken on the Report of the Indian Trade Commissioner at Japan regarding Cottage Industries?

(b) Considering the importance of Cottage Industries to our country, do Government propose to examine the possibilities of introducing such industries in this country by establishing a separate Research Institute for Cottage Industries?

Mr. M. P. Pai: (a) I have not been able to trace any report of the Indian Trade Commissioner in Japan regarding Cottage Industries. The Government of India asked for such a report in 1940 but no such report was received from him and the office of the Trade Commissioner in Japan was closed down in 1941.

(b) Government will consider the practical utility of the suggestion made in the question as well as of making a fresh enquiry in Japan as soon as conditions prevailing in that country improve and permit such enquiries to be made and a report can be obtained there.

VILLAGE POST OFFICE IN CHOTA NAGPUR AND HAZARIBAGH DISTRICTS OF BIHAR
1222. *Babu Ram Narayan Singh: Will the Secretary of the Communications Department be pleased to state

(a) the number of new village Post Offices established in each of the five districts of Chota Nagpur in Bihar during the last five years,

(b) the number of new village Post Offices proposed to be started in the coming five years in each of the said five districts;

(c) the basis of starting these post offices, and

(d) whether the people of Pandepura and Pathalgara of the Chatra subdivision of Hazaribagh District, have applied for opening a village Post Office and if so, with what result?

Mr. Masarrat Husain Zuberi: (a) and (b) A statement is laid on the table of the House

(c) Offices are opened when they are considered administratively necessary or when requests are made by members of the public, provided that the offices do not work at a loss above the limit prescribed, namely, Rs 500 per annum

(d) Yes As the offices would have worked at a loss beyond the prescribed limit, they could not be opened The matter is being reviewed

(a) Singhbhum	3
Ranchi	3
Manbhum	2
Hazaribagh	Nil
Palamu	Nil
(b) Singhbhum	3
Ranchi	4
Manbhum	37
Hazaribagh	6
Palamu	2

SALE OF VEGETABLE OIL PRODUCTS AT UNAUTHORISED RATES

1223. *Babu Ram Narayan Singh: Will the Secretary of the Food Department be pleased to state.

(a) what are the four references he mentioned in his reply to parts (b) and (c) of starred question No 689 asked on 3rd March, 1947 regarding the sale of vegetable oil products by producers and distributors at unauthorised rates,

(b) which two of the four references are without foundation and which two are under examination, and

(c) how long the examination will continue and how it has been or is being conducted?

Mr. K. L. Panjabi: (a) and (b) The four references were as follows

(i) An allegation was made that the manufacturers were themselves doing wholesale and retail business The case has been examined now and manufacturers have been asked to obtain previous permission of the Controller before undertaking wholesale or retail distribution of the product

(ii) An allegation that a firm in Bombay was selling the product on condition that the containers would be returned free of charge This allegation has been examined and has not been substantiated

(m) An allegation that a manufacturing firm in Northern India was similarly selling the product in 45 and 56 lb containers on condition that the containers would be returned free of charge. This allegation is also found to be without foundation.

(iv) Information that a manufacturer in Delhi was allowed to add to his price terminal tax which was not paid. This case has been examined and it has been decided to cancel the order permitting him to do so.

(c) Examination of all the four cases has been done by the Vegetable Oil Products Controller and it has now been completed.

RECOMMENDATIONS OF THE VANASPATI MANUFACTURERS ASSOCIATION *re* SALE OF VEGETABLE OIL PRODUCTS AT UNAUTHORISED RATES

1224. *Babu Ram Narayan Singh: Will the Secretary of the Food Department be pleased to state whether Government have considered the recommendations of the Vanaspati Manufacturers Association referred to in his reply to part (a) of starred question No. 689 asked on 3rd March, 1947 regarding the sale of vegetable oil products by producers and distributors at unauthorised rates and if so, what decision they have arrived at?

Mr. K. L. Panjabi: Yes, Sir. It has been decided to accept the recommendation of the Association and the manufacturers desiring to undertake wholesale and retail distribution to a limited extent have been asked to supply information regarding their production and sales organisation. At the same time they have been warned that they are not authorised to charge either wholesale or retail prices without the previous permission of the Vegetable Oil Products Controller.

PERMISSION TO GANESH FLOUR MILLS TO CHANGE TERMINAL TAX ON VEGETABLE OIL PRODUCTS SUPPLIED TO DELHI CITY

1225. *Babu Ram Narayan Singh: (a) Will the Secretary of the Food Department be pleased to state whether the Ganesh Flour Mills Company Limited have been allowed by the Government of India to charge terminal tax on the vegetable-oil product supplied to Delhi City and if so, how the amount so collected is being spent?

(b) Has such permission been given to any other vegetable-oil producing factory?

Mr. K. L. Panjabi: (a) Yes. Under clause 6 of the Vegetable Oil Products Control Order 1946, the Controller allowed the factory to include in the price of vanaspati the amount payable as terminal tax in order to secure uniformity in prices of vanaspati sold within the municipal limits of Delhi. On re-examination of the case the order has been cancelled. Government is not aware how this amount is being spent.

(b) No, Sir.

REPRESENTATION BY BEHARI LAL BANSI DHAR TO THE VEGETABLE OIL PRODUCTS CONTROLLER *re* UNAUTHORISED RATES OF VEGETABLE OIL PRODUCTS

1226. *Babu Ram Narayan Singh: Will the Secretary of the Food Department be pleased to state whether it is a fact that five vouchers granted by agents and distributors of the various vegetable-oil factories showing unauthorised rates, have been submitted to Government and seven other cash memos to the Vegetable oil Products Controller for India by Behari Lal Bansi Dhar of Delhi and if so, do Government propose to enquire into all these cases? If not, why not?

Mr. K. L. Panjabi: All the cash memos have been checked and it is found that unauthorised rates have not been charged except in one case relating to an oil mill in Bombay. This mill charged the wholesale rate instead of the factory rate on the ground that distribution to retailers had been undertaken by

it in order to check black-marketing of goods and to secure equitable distribution to the shops. The mill has now discontinued this practice. As it had undertaken this distribution under a *bona fide* belief that it was not barred by the Price Control Order no action has been taken against it.

FORWARD DELIVERY TRANSACTIONS IN COTTON AND KAPPAS

1227. *Pandit Mukut Bihari Lal Bhargava: Will the Honourable Member for Industries and Supplies be pleased to state

(a) whether the Commerce Department Notification No. P. and S. C. 56/43, dated the 19th May, 1943, prohibiting the forward delivery transactions in cotton and kappas, is in force still, or whether it has been modified or cancelled,

(b) the places in British India where the forward delivery transactions in cotton and kappas are going on at present,

(c) the places in British India where no such restrictions exist and the reasons for not enforcing the restrictions in such places, and

(d) in what other commodities speculative transactions are allowed in British India and for what reasons?

Mr. M. P. Pai: (a) That notification has been cancelled, but its provision have been kept in force by other notifications.

(b) and (c) Forward delivery transactions in cotton and kappas are at present prohibited except in the ring of the East India Cotton Association Limited, Bombay, and the Karachi Cotton Association Limited, Karachi. These transactions are permitted at Bombay and Karachi because they assist and have for many years assisted in the orderly marketing of the cotton crop.

(d) The Government of India have not thought it advisable to place any other restrictions on forward delivery transactions except in respect of food grains, sugar, gum, spices, and edible oil seeds and oils.

UNSTARRED QUESTIONS AND ANSWERS

PRICE OF INDIAN SILK

98. Mr. Sasanka Sekhar Sanyal: With the reference to answer to part (f) of Starred Question No. 10 asked on the 28th October, 1946, regarding the price of Indian silk, will the Honourable Member for Industries and Supplies please state

(a) the steps that have been taken for implementing the recommendations of the Silk Panel,

(b) the steps that have been or are being taken by Government for constituting the proposed Central Advisory Board for planning in silk, and

(c) whether Government propose to give a general outline of Government policy in the matter of silk?

Mr. M. P. Pai: (a) and (b) The report of the Silk Panel has been finalised only recently and is now being examined by Government.

(c) Government consider the silk industry to be a very important one. It enjoys tariff protection, and care will be taken to safeguard it against unfair competition. The post-war plans of Provincial Governments for the development of this industry are being co-ordinated, and every assistance is intended to be given in connection with its development.

POSITION IN PRIORITY LIST OF SAINTHIA-BHERAMARA RAILWAY PROJECT

99. Mr. Sasanka Sekhar Sanyal: Will the Honourable Member for Railways please state—

(a) the position of Sainthia-Bheramara Railway project in the priority list,

- (b) what progress has been made in survey work during the last three months,
- (c) how many alternative routes are being considered in this connection giving a brief description of the different routes;
- (d) how Government propose to choose between one route and another, and
- (e) how non-official opinion is being collected?

The Honourable Dr. John Matthai: (a) The Railway Planning Sub-Committee appointed by the Bengal Government in March 1945, divided the various projects in Bengal in groups A, B and C in accordance with the priority in which investigations should be taken in hand. Samthia-Bheramara Railway project was placed in group B, and the order of priority fixed by the Planning Sub-Committee was accepted by the Bengal Government.

- (b) The field work for the Traffic survey has since been completed.
- (c) The following three alternative routes have been investigated:
 - (i) Samthia Kandi-Berhampore Court-Jamsherpur-Phagpur-Tatagonia-Bheramara
 - (ii) Samthia-Kandi-Berhampore Court-Bhugrahpur-Dhonadah-Jamsherpur-Chukarpur-Kulbera-Amila-Sadatpur-Halsa
 - (iii) Samthia-Kandi-Berhampore Court-Amtala-Patkabari-Meherpur Hat Boalia-Halsa

(d) The most economical alignment will be selected after considering all the various aspects such as traffic prospects, physical and geological features of the country in so far as they are likely to affect the alignment, probable stability of the line and cost of construction. The views of the provincial government will also be considered before a decision is taken.

(e) Non-official opinion is collected by the traffic officer-in-charge during his field work.

APPLICATION OF FACTORIES ACT TO N. W. RAILWAY SHED AT BHATINDA AND JIND

100. Seth Sukhdev: Will the Honourable Member for Railways be pleased to state

- (a) whether the provisions of the Factory Act are applied to North Western Railway sheds at Bhatinda and Jind; if not, why not?
- (b) whether it is a fact that the Indian Railways Act applies to these stations, and
- (c) whether it is a fact that the employees at these two sheds are given no overtime allowance after putting in 48 hours maximum work, if so, the reasons therefor?

The Honourable Dr. John Matthai: No. The need had not, until recently, been felt, but a proposal to apply the provisions of the Factories Act to the North Western Railway Sheds at Bhatinda and Jind is already under consideration.

- (b) The Indian Railways Act, 1890, has been applied by the Crown Representative to lands occupied by the Bhatinda and Jind stations.
- (c) They are paid overtime, not under the provisions of the Factories Act 1934, but under Railway rules for working beyond daily or weekly rostered hours.

DELETION FROM THE STATE RAILWAY ESTABLISHMENT CODE OF PROVISION FOR INSPECTION BY AN EMPLOYEE OF HIS SERVICE SHEET

101. Seth Sukhdev: Will the Honourable Member for Railways be pleased to state

- (a) whether Government are aware that the Supplementary Rules to the Fundamental rules contain a provision that an employee can inspect his service sheet or card, maintained by his officer;

(b) whether Government are aware that in incorporating the rules in the State Railway Establishment Code, Volume II, this provision has been deleted; if so, the reasons therefor;

(c) if the provision referred to in part (a) above is contained in any other rule, whether Government propose to lay a copy thereof on the table of the House, and

(d) if the provision of the rules has been completely deleted, whether it is proposed to be inserted now; if not, the reasons therefor?

The Honourable Dr. John Matthai: (a) Yes

(b) and (c) The provision has not been incorporated in the State Railway Establishment Code but in pursuance 1942 and 1943 of the State Railway General Code in which all rules regarding records of service have been consolidated. As a copy of the latter Code is in the Library of the House, Government do not propose to lay a copy of the rules on the table

(d) Does not arise

GOODS MARKERS ON N W RAILWAY.

102. Seth Sukhdev: Will the Honourable Member for Railways be pleased to state

(a) whether it is a fact that the present scale of wages for Goods Markers on the North Western Railway is Rs 25 fixed,

(b) what are the prospects of promotion for a non-matriculate Goods Marker, if none, the steps that are proposed to be taken to provide some channel of promotion, and

(c) whether it is a fact that the fixed scale for Goods Markers under the old (prior to 1931) scale was introduced, because such persons were eligible for promotion as Tally Clerks or Goods Clerks, if not, the reasons for fixing the scales?

The Honourable Dr. John Matthai: (a) Yes

(b) None. It is not considered to be in the interests of efficiency to promote non-matriculate goods markers to posts outside the inferior category to which they belong. As a result of Government's decisions on the Pay Commission's recommendations, however, it is likely that the pay of goods markers will be revised.

(c) Government have no information regarding the exact reasons for adopting a fixed rate of pay for goods markers under the scale of pay in force prior to 1931. As stated in my reply to part (a), however, a revision of the scale of pay of this class of employees is likely in the near future.

DETERMINATION OF RELATIVE SENIORITY OF MINISTERIAL STAFF

103. Seth Govind Das: (a) Will the Honourable Member for Railways please state whether it is a fact that the Home Department in August, 1946, issued a memorandum for determining the relative seniority of ministerial staff?

(b) Is it a fact that according to that Memorandum, seniority of officiating Assistants is to be determined by the length of continuous service in that grade subject to the condition in para 4 thereof and that those orders will not apply to persons whose seniority *inter se* has already been fixed?

(c) Is it a fact that during the war, promotions of second and third division Clerks to the grade of Assistants were made not strictly in accordance with their seniority and sometimes senior men were not spared from a particular job in one branch, for promotion in another branch, in the interests of efficiency and administrative convenience?

(d) Is it a fact that the Railway Board Ministerial Staff Association, at their Annual General Meeting held in January 1946, passed a resolution requesting the Railway Board to review the existing procedure for determining the seniority of officiating Assistants? If so, what action has been taken on that resolution?

(e) Do Government propose to retain the same relative seniority, on promotion to the grade of Assistants, of the permanent second and third division Clerks, which they had before their promotion, irrespective of the length of their continuous officiating service as Assistants? If not, why not?

The Honourable Dr. John Matthai: (a) Yes

(b) The answer to the first part is in the affirmative but the reference in the second part to—"seniority already fixed"—is to such fixation in the officiating grade and not the seniority in the lower grades

(c) Yes, but promotion to the grade of Assistants from the grade of clerks is not made on seniority but by selection

(d) Yes The request has been considered but it has been decided not to alter the existing procedure of counting seniority among the officiating Assistants on the basis of length of continuous officiating which is the fairest in the circumstances of the case This principle has recently been accepted also by the Home Department

(e) No, for the reasons given in the reply to (d) above

SUGAR EXCISE FUND

104. Sri V. C. Vellingiri Gounder: (a) Will the Secretary of the Department of Agriculture be pleased to state the amount of expenditure incurred every year out of the Sugar Excise Fund since it was opened?

(b) What are the objects for which amounts from the fund are disbursed?

(c) How have the various Provinces been individually benefitted by the Fund?

Sir Pheroze Kharegat: (a) and (c) Statements furnishing the requisite information are placed on the table

(b) The Fund is utilised for—

(1) the administration of the Indian Central Sugarcane Committee and the Indian Institute of Sugar Technology, and

(2) for giving grants to the various provinces and states for financing development and research schemes

The functions of the Committee are to undertake the improvement and development of the growing, marketing and manufacture of sugarcane and its products in India and of all matters incidental thereto The Indian Institute of Sugar Technology imparts training to candidates of various provinces in agricultural, technological and economic research on sugarcane, gur, sugar and their by-products

APPENDIX I TO NOTES

SUGAR EXCISE FUND

Statement showing the allotments, payments at the close of each year

Year	Payments made to Provinces during the year								Total payments to Provinces	
	U. P.	Bihar	Orissa	Bombay	Madras	Punjab	Bengal	Burma	During the year	Up to the end of the year
1934-35	5,40,000	1,51,383		15,406		21,160		15,415	7,43,424	7,43,424
1935-36	0									
1936-37	4,17,300	3,14,164	10,000	7,734		10,680		27,835	7,87,613	15,31,037
1937-38	58,700		10,000	12,168	44,897			.	1,26,055	16,57,092
1938-39		3,42,000		9,784		33,300	22,880		4,07,964	20,65,056
1939-40	14,95,000	2,32,000	2,500	67,901	31,340	13,100			18,41,841	39,06,897
1940-41	3,22,050	3,64,163		41,969	11,794	7,800	32,336		7,80,102	46,86,999
1941-42	3,02,500	1,48,500	24,314	34,365	24,631	9,065	22,413	.	5,65,788	52,52,787
1942-43	3,08,000	1,21,000	4,780	40,725	1,800	9,810	14,315		5,00,130	57,52,917
1943-44	3,00,000	1,05,300	4,156	27,429	16,000	11,180		.	4,63,765	62,16,682

UNSTARRED QUESTIONS AND ANSWERS

Statement showing the allocation from the Sugar Excise Fund after the constitution of the Indian Central Sugarcane Committee

Year	Administra- tion of I C S C and I I S T	Grants to Provinces and States									Total Grants to the Provinces and States	Grant Tot. l up to the end of the year	
		U P	Bihar	Orissa	Bombay	Madras	Punjab	Bengal	N W F P	Hyderabad			Mysore
1944-45	25,962	2,87,200	87,200		7,752		13,800						
1945-46	3,78,809	2,76,680	133,445	5,450	28,089	22,700	42,530	4,200	5,960	3,220			
1946-47	494,850	2,06,461	112,194	8,800	29,529	29,000	46,810	35,090	7,100	7,300	4,450		
<hr/>													
												Rs	Rs
												3,65,952	65,82,634
1944-45												5,17,274	70,99,904
1945-46												4,87,734	75,87,642
1946-47													

SHORT NOTICE QUESTIONS AND ANSWERS

HUGE QUANTITY OF GRAM LYING IN HISSAR DISTRICT

Dr. Zia Uddin Ahmad: (a) Will the Secretary of the Food Department be pleased to state whether it is a fact that about 1½ lakhs of tons of gram, lying in the district of Hissar, has been controlled?

(b) Are Government aware that this gram is being eaten by insects and has not been distributed among the consumers?

Mr. K. L. Panjabi: (a) and (b) No, Sir The information is that the surplus stock of gram in Hissar and other South Eastern districts of the Punjab is about 20 to 30,000 tons The stock has accumulated, despite shortage in other Punjab districts, owing to failure of the trade to move it to the deficit areas The Government of the Punjab needed this gram for consumption within the province, and, therefore, it was not placed at the disposal of the Central Government for allocation to other areas However, owing to recent disturbances all the gram cannot be moved to the deficit areas of the Punjab and the Punjab Government are considering declaring part of it as surplus to the requirements of the province and necessary allocations will be made by the Central Government The gram is in as good condition as can be expected after storage for a year by the trade in the expectation of being able to export to high priced areas

Dr. Zia Uddin Ahmad: Is this gram the property of the Provincial or the Central Government?

Mr. K. L. Panjabi: It is the property of the trade

Dr. Zia Uddin Ahmad: If it is the property of the individuals, can we imagine that those individuals will allow their property to be eaten by insects?

Mr. K. L. Panjabi: That question should be addressed to the individuals concerned

Pundit Thakur Das Bhargava: Is it not a fact that the people are anxious to export this gram from the Punjab?

Mr. K. L. Panjabi: The Punjab Government is now considering permitting limited exports outside the Punjab

Pundit Thakur Das Bhargava: Is it not a fact that the Punjab Government are coercing the traders to sell the gram at cheap rates?

Mr. K. L. Panjabi: No, Sir

Dr. Zia Uddin Ahmad: Does it not show that there is something wrong when 1½ lakh tons of gram lying not very far from Delhi are not allowed to come into Delhi and be eaten by human beings?

Mr. President: Order, order

Mr. O. P. Lawson: Will the Honourable Member please tell the House what is the maximum safe period during which the gram can be stored?

Mr. K. L. Panjabi: It depends on the condition of storage but gram deteriorates more rapidly than some other grains I think about 18 months would be a good period if proper precautions are taken

Prof. N. G. Ranga: I do not wish to put short notice question No 49 because it has been partly answered by the question put by Dr Zia Uddin I will put short notice question No 50

BAN ON EXPORT OF POTATOES TO CEYLON

Prof. N. G. Ranga: (a) Will the Secretary of the Food Department be pleased to state if representations have been made to the Government regarding the urgency of the need for allowing Mysore potatoes to be exported to Ceylon, since the Indian market cannot absorb them in this season?

(b) Are Government aware of the fact that potato, crop is a perishable one and as such, Mysore crop cannot stand the wear and tear and delay incidental to its exports to Northern India in these days of wagon shortage?

(c) Do Government propose to so amend their orders on exports as to permit Mysore potato crop to be exported immediately to Ceylon?

Mr. K. L. Panjabi: (a) One representation has been received asking for a permit to export 1000 tons of potatoes from Mysore to Ceylon.

(b) Potatoes are not so perishable that they cannot be moved from Mysore to the scarcity areas, particularly as a high priority has been allotted for movement of potatoes.

(c) Information regarding the potatoes declared surplus by Mysore has been circulated to deficit areas in this country enquiring whether they want these potatoes. If they are not required for our internal requirements Government will consider issue of an export permit to Ceylon.

Prof. N. G. Ranga: Is it a fact that the Bombay and Bengal Governments have already informed the Government that they are not in need of this potato?

Mr. K. L. Panjabi: No, Sir. Bombay Government has enquired at what price potatoes are available.

Prof. N. G. Ranga: What are the Governments which have so far said that they do not want the potato crop adjusted?

Mr. K. L. Panjabi: We received a reply from the Bengal Government saying that they do not require the potatoes and we have not had any negative replies from the other Governments.

ELECTION TO THE STANDING COMMITTEE ON ROADS

Mr. President: I have to inform the Assembly that the following eight non-official members have been elected to serve on the Standing Committee for Roads for the financial year 1947-48 —

(1) Chaudhury Sri Chand, (2) Mr. Hafiz M. Ghazanfarulla, (3) Mr. M. A. F. Hirtzel, (4) Sri V. C. Velhngiri Gounder, (5) Mr. Sasanka Sekhar Sanval, (6) Mr. Hafiz Mohammad Abdullah, (7) Mr. Ramayan Prasad, and (8) Raizada Hans Raj.

ELECTION TO THE STANDING COMMITTEE FOR FOOD DEPARTMENT

Mr. President: I have further to inform the Assembly that upto 12 Noon on Monday, the 24th March, 1947, the time fixed for receiving nominations for the Standing Committee for the Department of Food, eleven nominations were received. Subsequently one member withdrew his candidature. As the number of remaining candidates is equal to the number of vacancies, I declare the following members to be duly elected to the Committee for the financial year 1947-48 —

(1) Sri Bhagirathi Mahapatra, (2) Prof. N. G. Ranga, (3) Shri Mohan Lal Saksena, (4) Lala Deshbandhu Gupta, (5) Rao Bahadur N. Siva Raj, (6) Pandit Govind Malaviya, (7) Mr. F. L. C. Gwillt, (8) Maulvi Shah Abdul Hamid, (9) Mr. Mohammad Rahmat-Ullah, and (10) Makhdum Al-Haj Syed Sher Shah Jeelani.

ELECTION TO THE STANDING COMMITTEE FOR INDUSTRIES AND SUPPLIES DEPARTMENT

Mr. M. P. Pai (Government of India Nominated Official) Sir, I beg to move

"That this Assembly do proceed to elect, in such manner as the Honourable the President may direct, ten non-official members to serve on the Standing Committee to advise on subjects with which the Department of Industries and Supplies is concerned, during the financial year 1947-48."

Mr. President: The question is

"That this Assembly do proceed to elect, in such manner as the Honourable the President may direct, ten non-official members to serve on the Standing Committee to advise on subjects with which the Department of Industries and Supplies is concerned, during the financial year 1947-48."

The motion was adopted

ELECTION TO THE STANDING COMMITTEE FOR EDUCATION DEPARTMENT

آنریبل مولانا ابوالکلام آزاد—اس اسمبلی کو چاہئے کہ ایسے طریقے سے جو آنریبل پریسیڈنٹ اس غرض سے تھیراڑیں کہ دس نون امیشل ممبروں کے چناؤ کی کارروائی انجام دے جو ایک اسٹیلڈنگ کمیٹی میں کام کرینگے یہ کمیٹی اس غرض سے ہوگی کہ ۴۷-۴۸ میں ڈپارٹمنٹ آف ایجوکیشن کے لئے ایڈوائزری کمیٹی کا کام دے

The Honourable Maulana Abul Kalam Azad (Member for Education) Sir, I move

"That this Assembly do proceed to elect, in such manner as the Honourable the President may direct, ten non-official members to serve on a Standing Committee to advise on subjects dealt with in the Department of Education, during the financial year 1947-48 "

Mr. President: The question is

"That this Assembly do proceed to elect, in such manner as the Honourable the President may direct, ten non official members to serve on a Standing Committee to advise on subjects dealt with in the Department of Education, during the financial year 1947-48 "

The motion was adopted

ELECTION TO COUNCIL OF INDIAN INSTITUTE OF SCIENCE, BANGALORE

آنریبل مولانا ابوالکلام آزاد—اس اسمبلی کو چاہئے کہ ایسے طریقے سے جو آنریبل پریسیڈنٹ اس غرض سے تھیراڑیں ایک ممبر کے چنے کی کارروائی انجام دے جو انڈین انسٹی ٹیوٹ آف سائنس بنگلور کی کونسل میں اس سائنس کی نمائندگی کرے یہ چناؤ ۴۷-۴۹ تک کے زمانے کے لئے ہوگا—انسٹی ٹیوٹ آف سائنس کی جالاند اور فنڈ کے انتظام کے لئے جو اسٹیم مطاوعہ کی گئی تھی اور جو گورنر آف انڈیا میں پچھلے ڈپارٹمنٹ آف ایجوکیشن ہاؤس ایڈڈ لیٹر کے نوٹی فیکیشن ذریعہ (۱۵-۵۳ کے ساتھ ۲ دسمبر ۱۹۳۷ء میں چھپی تھی) کے ماتحت یہ کارروائی کی جارہی ہے

The Honourable Maulana Abul Kalam Azad (Member of Education) Sir, I move

"That this Assembly do proceed to elect, in such manner as may be approved by the Honourable the President, a member to represent this House on the Council of the Indian Institute of Science, Bangalore, for the period 1947-49 (both years inclusive) in pursuance of the provisions of clause 11 (Secondly) of the Scheme for the Administration and Management of the properties and Funds of the Institute, which was published in the *Gazette of India* with the Notification of the late Department of Education, Health and Lands No F 53-1/37, dated the 2nd December, 1937 as subsequently amended "

Mr. President: Motion moved

"That this Assembly do proceed to elect, in such manner as may be approved by the Honourable the President, a member to represent this House on the Council of the Indian Institute of Science, Bangalore, for the period 1947-49 (both years inclusive) in pursuance of the provisions of clause 11 (Secondly) of the Scheme for the Administration and Management of the properties and Funds of the Institute, which was published in the *Gazette of India* with the Notification of the late Department of Education, Health and Lands No F 53-1/37, dated the 2nd December, 1937 as subsequently amended "

Prof. N. G. Ranga (Guntur cum Nellore Non Muhammadan Rural) I wish to suggest that the notification should be so altered as to make it possible for this House to elect at least two, if not more, members of this House to that very important Institute of Science at Bangalore

Mr. President: The question is:

ELECTION TO THE STANDING COMMITTEE FOR AGRICULTURE DEPARTMENT

"That this Assembly do proceed to elect, in such manner as may be approved by the Honourable the President, a member to represent this House on the Council of the Indian Institute of Science, Bangalore, for the period 1947-49 (both years inclusive) in pursuance of the provisions of clause 11 (Secondly) of the Scheme for the Administration and Management of the properties and Funds of the Institute, which was published in the *Gazette of India* with the Notification of the late Department of Education, Health and Lands No F 53-1/37, dated the 2nd December, 1937 as subsequently amended"

The motion was adopted

Sir Pheroze Kharegat (Government of India Nominated Official) Sir, I move

"That this Assembly do proceed to elect, in such manner as the Honourable the President may direct, ten non-official members to serve on the Standing Committee to advise on subjects dealt with in the Department of Agriculture for the financial year 1947-48"

Mr. President: The question is

"That this Assembly do proceed to elect, in such manner as the Honourable the President may direct, ten non-official members to serve on the Standing Committee to advise on subjects dealt with in the Department of Agriculture for the financial year 1947-48"

The motion was adopted

Mr. President: I have to inform Honourable Members that the following dates have been fixed for receiving nominations and holding elections, if necessary, in connection with the following Committees, namely —

	Date for nomination	Date for election
1. Standing Committee for the Department of Industries and Supplies	28th March, 1947	3rd April, 1947
2. Standing Committee for the Department of Education	28th March, 1947	3rd April, 1947
3. Council of the Indian Institute of Science, Bangalore	31st March, 1947	7th April, 1947.
4. Standing Committee for the Department of Agriculture.	31st March, 1947	7th April, 1947

The nominations for all the four Committees will be received in the Notice Office upto 12 Noon on the dates mentioned for the purpose. The elections, which will be conducted in accordance with the Regulations for the holding of elections by means of the single transferable vote, will be held in the Assistant Secretary's room in the Council House, between the hours of 10-30 A.M. and 1 P.M.

INDIAN FINANCE BILL—*contd*

Mr. Geoffrey W Tyson (Bengal European) Sir, before the House rose last evening I had two or three minutes at my disposal in the course of which I pointed out that the real head and front of the Finance Member's attack on the taxpayer was to be found in the Finance Bill and not in the other tax measures, notably the Business Profits Tax and the Capital Gains Tax, which have aroused so much interest and heated controversy during the last fortnight. I also stated that I was confirmed in that impression by reason of the imperturbable manner in which the Finance Member had listened to those criticisms, and the care and endurance which he was giving to consideration of such problems as fish, fruits and food which have been raised during the course of the debate on the Finance Bill. To my mind, important as those things are, they are much less relevant to the future economy of this country than the proposals which Mr Liaquat Ali Khan has incorporated in the current Finance Bill which is now before the House. I venture to believe that in the next six, ten or twelve months time the detailed provisions of the Finance Bill will be causing the Finance Member and his officers and advisers to rub their hands with satisfaction at the money which is coming into the exchequer and causing taxpayers of any substance to be wringing their fingers in embarrassment and searching their pockets wondering where their further commitments are to come from.

[Mr Geoffrey W Tyson]

Quite properly, when he introduced the budget on the 28th February, the Honourable the Finance Member set before himself and before this House certain targets. I think I am right in saying that the central target was what he called the attainment of social justice. I think also the attainment of social justice, so far as this budget is concerned, hinges upon the application of what we may call distributive justice. Yesterday my Honourable friend, Prof Ranga, with whom I do not often find myself in agreement, criticised this aspect of the Finance Member's proposals saying that his conception and his definition of distributive justice was negative and in no sense involved a positive redistribution of wealth. I think that is a criticism with which one can agree, whether one is ideologically in the same camp, the Socialist camp, as Prof Ranga is, or whether one is an adherent of and a believer in the capitalist system. I would go further than my friend Prof Ranga. I would say that the budget as a whole, and the Finance Bill in particular, is frankly designed to attain distributive justice, but so far as I can see it is going to be a distribution of wealth on an ever-diminishing scale.

In the general debate on the Budget, my Honourable friend, Mr Gadgil from Bombay, made a very pertinent and wise remark. He said it is easy enough to cut an apple into six parts, but the mere fact of cutting it up does not provide you with a new apple. I think that the analogy has some considerable relevance to the taxation proposals which are embodied in the present Finance Bill. What Mr Gadgil said on that occasion was wise and I think it is a necessary piece of common sense which the House ought to bear in mind. No, one not even on these Benches, quarrels with the conception of distributive justice. Certainly I do not, and its general acceptance is I think one of the signs that mankind is moving to a higher plane of relations between one man and another. But, Sir, it seems to me the most and most obvious common-sense that whether we seek to obtain distributive justice by practical capitalist means or by theoretical socialist measures, we should also seek to ensure that there is at the same time a steadily enlarging fund of common wealth and common riches, upon which the community can draw in satisfaction of the ideals which it has set before itself. This test, I suggest, is in its own way just as important as the principle of distributive justice itself, and I feel sure that my Honourable friend the Finance Member will agree that that is so.

But in considering the Finance Bill that is now before the House I think it is necessary to ask ourselves how does that Bill stand if we apply the test of an enlarging fund of common wealth and riches, how does this 1947 Finance Bill stand if we apply that test to the details of its clauses? I submit that judged by this test, the Finance Bill, and the other Bills which the House will be debating in the course of the next few days, fail to give anything like proper recognition to the position of production, which is just as important in the scheme of things, in the economic scheme of things, as the conception of distributive justice.

I would say that is even more important when we remembered that before wealth can be distributed it has got to be produced. When he proclaimed his ideas I submit that the Finance Member should logically and as a realist—the realist that he reveals himself to be in so many practical ways—also have proclaimed some idea of the conception of justice for the producer. We may search in detail all the clauses of the Finance Bill in vain for any recognition of the principle of justice for the producer. Indeed to my mind there are good grounds for feeling that the Bill will go far to discourage more production by large industrial units and producers and will certainly curtail, if not abolish, many of the new ventures upon which industrialists and others were about to embark in this country. It will also arrest for a long time

come schemes of expansion to which thought and time has already been given, and in some cases a certain amount of money appropriated. My Honourable friend Sir Cowasjee Jehangir, speaking on the first day of this debate, quoted an instance of a company where the underwriters had already been left with a large part of their commitments and, although he may not have said so, my recollection is that the promoters had decided to abandon the venture finally as a result of the taxation proposals which are now before this House. I suggest that things should not be allowed to happen like that. That affair is not just pure political pique. It is evidence and a symptom that the economic consequences of some of the tax proposals we are now considering are very serious and grave indeed. There is an idea that the rich of all communities in this country can be taxed *ad lib* and I would venture, if I may, to quote to the House a few words from one of the greatest financial administrators of our day and generation. I refer to the late Lord Stamp. Writing in his book on "Wealth and Taxable Capacity" under the heading "Limits of Taxable Capacity":

Mr. Muhammad Nauman (Patna and Chota Nagpur *cum* Orissa Muhamedan) In what year was it written?

Mr. Geoffrey W. Tyson: In 1929.

Mr. Muhammad Nauman Then there is no use quoting it at the present time.

Mr. Geoffrey W. Tyson: On this matter Lord Stamp said—

"It leaves some people cold if you refer to the fact that a certain wealthy employer has to pay away half of his income in income tax and super-tax—£20,000 reduced to £10,000. They say, 'Don't talk to us of what we take, see what he's got left! Most poor devils have to be content on a mere fraction of it.' [As Mr. Philip Snowden frequently says in effect in his books, 'I always look at what we leave him' (meaning the assessee).] "But taxation is not merely a stationary or static problem, the cutting up of an existing cake—it is a moving and dynamic problem. We have to ask not only how little we can leave him with but also how much reduction will he stand before he slackens in work and assistance? How long will he come up smiling to be taxed in this way?"

Well, Sir, you must have noticed that there were not many smiling faces on the evening of February the 28th, and I have not seen many smiling faces since. I have seen no smiles returning to the face of my Honourable friend Mr. Vadilal Lallubhai with whom I have been in regular contact in the last fortnight. It may be that the Finance Member does not care whether we show smiling faces or not. But what we have to consider is whether, on the broadest possible view, the taxation measures before us now are really going to give the Finance Member what he wants in a way that will not damage trade and industry to an extent that is irreparable, no one likes taxation, no one asks for more of it. But it has been proved that wise taxation will encourage the producer and will stimulate an expanding economy. It has been proved possible in India before. When the Business Profits Tax and the Capital Gains Tax came before the House I shall have more to say on this aspect of the matter. But I do remember—I think it was in 1944—that Sir Ramaswami Mudaliar accorded to the coal industry a depreciation allowance in connection with the Excess Profits Tax—a special depreciation allowance I think of 50 per cent on the written down value of certain items like plant, machinery and so on. The result was that Indian coal production during the remaining critical war years was stepped up to a point that exceeded expectations. What is more, and it is a remarkable fact, in a phase of declining coal production throughout the world, when in some countries it has declined disastrously, the curve of Indian coal production has steadily risen and is still rising. Now, Sir, I suggest that that is a circumstance which the House would do well to bear in mind when it is asked to endorse taxation measures of the kind that are before us now. I suggest, Sir, that it is a circumstance which points a moral.

[Mr Geoffrey W Tyson]

I turn now more specifically to the provisions of the Bill. I would ask the Honourable the Finance Member whether he really seriously thinks that the lowering of income levels at which the maximum rates of super-tax are attracted—a lowering in the case of unearned income from 3½ lakhs to 1 lakh and 20 thousand's, and in the case of earned income from 5 lakhs to a lakh and a half—will have no effect on trade and industry. I would ask the Honourable the Finance Member and the House whether it is really thought that penal taxation of this kind will have no effect upon the productive forces of the country or no effect upon the investment surplus available to create trade and employment, and no effect upon individual initiative which in the present circumstances is our only guarantee of an expanding economy. I would plead earnestly with the Finance Member to reconsider the rates which he is now proposing to impose for super-tax. I would ask him, in the goodness of his heart, at least to draw a distinction between the working capitalist and the non-working capitalist between the man who does not use his money to produce and the man who uses his money for strictly productive purposes. My Honourable friend may answer that he has already differentiated between these two classes, that he has already drawn a distinction, that the varying rates for earned and unearned incomes meet the circumstances of the cases. But I Sir would ask him whether he cannot devise a distinction between these two categories of capital which is more purposeful, more positive and more forward-looking. I would suggest that, if he will give the matter his thought, even now this objective can be obtained in the Finance Bill which is before the House. I would ask him to examine whether the effect of the new scale of super-tax on earned income will not be to dry up the springs of investment and with it to curtail production and in turn inevitably to bring down the level of employment for the common man. For I contend that the chief interest of the common man whose cause Mr Tasquah Ali Khan so eloquently pleaded in his Budget speech, lies in the assurance of profitable regular and continuing employment.

Only yesterday the Finance Member came to us and announced in this House in connection with the Capital Gains Tax his willingness to consider the exemption of what was called personal effects. I for one welcome that modification just as I welcome the modification which he has indicated, his agreeableness to lower the rates of incidence on the business profits tax and of the ironing out of the standard rate of dividend. But to my mind it is far more important that provision should be made to keep the channels of investment flowing on the lines which I have suggested and to distinguish between what I have called the resources, the savings and the activities of the working and the non-working capitalist. In connection with the Capital Gains Tax, when we come to it in this House, I shall press in due course for a provision that a company which sells its assets at a profit for reinvestment in its own legitimate business should be exempted from tax. I put that instance on all fours with personal and household effects. But that is a matter for the future.

In the meantime I would ask the Honourable the Finance Member and his advisers to think long and hard as to whether by realising the relatively small sum of 2½ crores—I think that is the figure of the new slabs of super-tax—they are not in fact dealing a blow which will permanently damage the productive forces of India's economy which is the Finance Member's sincere desire to stimulate and to encourage. My friend Sir Cowasjee Jehangir in his speech on this Bill the other day used the word 'blackmail'. I do not like the word. I have not the slightest intention of accusing the Finance Member, either now or hereafter of blackmailing business. But I will say this. The cumulative effect of the provisions of the Finance Bill 1947, the Capital Gains Tax and the Business Profits tax as such has been to bludgeon industry

go its knees I believe in 12 months time the Finance Member will come to realise that a just measure of compromise now—and he has already gained in reputation and stature by meeting the legislature on its original proposals in regard to the other two Bills—will repay the exchequer and repay the country at large in increased and increasing prosperity

Dr. Zia Uddin Ahmad (United Provinces, Southern Divisions, Muhammadan Rural) The Honourable the Finance Member clearly enunciated the principles on which his financial policy was based. These principles were described on pages 24 and 25 of his speech and I shall read only a few sentences from there. He said Economy and the elimination of unnecessary, wasteful or extravagant expenditure is my objective rather than pure retrenchment. He said further 'that control on the stock market and on the Commodity and Bullion exchanges was very necessary'. Then he said I regard speculation of this kind as a social evil indistinguishable from gambling and then later on he said

"We have here on the one hand a class of multi-millionaires rolling in wealth (My friend Mr. Abdulla said that wealth was rolling over them) and holding the economy of the country in their grip by exploiting for their own profit."

Then he said

'The conditions created by the last war served to accentuate these disparities. This meant the concentration of wealth in fewer and fewer hands and, inevitably, the use of that wealth for the purpose of tightening the stranglehold of big money over the economic life of the country as a whole by the acquisition of businesses, companies, public utilities and the press. A set of conditions in which the few are able to wield such vast power over the many can hardly be regarded as anything but a negation of the principles of social justice.'

Now, may I ask Mr. Tyson who has just spoken whether it is proper that a few men should control the entire economic life of the country. They own the entire press. They really control public opinion and they make the people dance and make them do as they like. Now, the principles which the Finance Member enunciated were endorsed by the speeches of Honourable Members of the Assembly and everybody supported the budget proposals of the Honourable Member.

As regards the taxation proposals the Honourable Member said that there was a deficit of 48.46 crores which will be further enhanced to 56.95 crores by the withdrawal of the salt tax amounting to 9.25 crores, and by raising the Income-tax level amounting to 25 crores. He suggested that this gap might be met by three main sources—6½ crores in income tax, 4 crores export duty on tea and 30 crores on B. P. T., leaving a deficit of 16.96 crores. With the recommendations of the Pay Commission, coming in, there will be a deficit of about 15 crores. Total deficit will thus be nearly 32 crores. These proposals were referred to a Select Committee and we expected that they will try to find out ways and means by which this 32 crores could be met. To our surprise instead of helping the Assembly to find out the ways and means they thought that their duty was only to cut down the income and thus raise the quantum of the deficits. If we accept the recommendations of the Select Committee, the income from Business Profit tax will be reduced to Rs. 20 crores and deficit will be increased to 42 crores. The compromise made by the Honourable Finance Member will further diminish the income by about 5 crores and our deficit will be 46 crores. I have before me the speech of my friend Sardar Mangal Singh, which he delivered on 3rd March. I read it twice with great care this morning. He has also signed the minority report. I want that he may please explain to the House how he reconciles the two views. My friend referred to the rumours in the Punjab about which I do not dare. Sardar Mangal Singh will be doing justice to the House if he explained why he changed his opinion without even attending the meeting whose proceedings he signed by receiving papers through a messenger who was sent to him to obtain his signature. I think, an explanation is needed and as a matter of courtesy to

[Dr Zia Uddin Ahmad]

the members of the House I think he should explain the reasons why he changed his opinion

Now, as regards the minority reports I have great respect for all my friends but accidentally the opinions expressed by them were the opinions expressed by the various Chambers of Commerce. I have got the whole file with me which I have carefully gone into and I have got the resolutions which were sent by the Bengal Chamber of Commerce and the Bombay Chamber of Commerce and also by the Federation of Chambers here. We find that their opinion is practically supported by the opinion of the minority report. This report, as it has emerged from the Select Committee, has diminished the income from 30 crores to 20 crores. They have thus raised the deficit by another 10 crores. Then, there was a compromise between the Members of the Cabinet, which has further reduced the income by about 4 crores. So, the deficit has now gone up to about 46 crores and nobody has suggested how we are going to meet this deficit. My Honourable friend Sir Cowasjee Jehangir suggested that it ought to be met by borrowing. This is not a sound finance. While describing his dream, he also mentioned the revelation which he had about Dr John Matthai. Dr John Matthai did not administer any threat in his speech which I have read, but he certainly gave a note of warning and I join with him in giving this note of warning to the multi-millionaires. If they monopolise the entire economic structure and do social injustice then the country will not allow them to do so. It may be done either constitutionally, as my Honourable friend Dr John Matthai suggested, or it may be done by revolution by the pressure of the socialists and the labourers which I have suggested several times on the floor of this House. I will give you a little later the profits which these multi-millionaires are now making. Anyway, the suggestion that has been made that we should meet the deficit by means of a loan is not a sound financial policy because thereby we increase the interest and place increased burden on future generations. If any such proposal comes from the Finance Member, you may take it for granted that it will not receive the assent of the country. And what does this country consist of? It consists of 8 multi-millionaires who have always been the target of every Finance Member. They own all the press and they can carry on any propaganda in the papers. They can also influence even the Members of the Government. As I have said before, these multi-millionaires are not in the pocket of the Government, but the Government is in the pocket of these multi-millionaires. They can also influence the Members of the House. Therefore, it is exceedingly difficult to levy any tax not only this year but also in future years and they will press meeting deficits by means of loans or by inflation, year after year. This position cannot be accepted. I am really very sorry that the Finance Member has agreed to this compromise in order to have unanimity in the Government. I admit that it is a very good object and I am also in favour of compromises. At the same time, the burden will certainly fall on him next year. Such a compromise by which you avoid the liabilities of this year to a future year is not a sound financial policy. You are really showing the responsibility from the present Interim Government to some other Government which may follow. When you are here, you should take the full responsibility because, after all, you are responsible to the people of the country and not to your colleagues.

My next difficulty is that the millionaires have now realised their power by success in their propaganda. According to the famous story *Hazrat Israil ne ab ghar dekh liya hai*. I am not sorry so much about what has happened. I am sorry for what will follow. They are sure to start another propaganda tomorrow. The *National Call* has already given a lead to the next propaganda by the article which appeared in it the day before yesterday. It said that

now they have succeeded in their attempt on this business tax, let us make another attempt on the Bill in which the Finance Member is trying to add out those who are guilty of evasion of income tax. There is an attack already and motives have been attributed to the Honourable the Finance Member that he has brought forward this Bill in the interest of the Muslim League. How on earth the Muslim League comes into the picture, I cannot conceive even by stretch of imagination. *National Outlook* must have been familiar with the evasion of income tax. The Finance Member must be familiar with Sakseria who died leaving 30 crores behind him and he did not pay half a penny in income-tax. If a person could live 30 crores without paying income-tax, then is it or is it not a good case for the Honourable the Finance Member to take suitable steps for avoiding the evasion. The other day my friend Professor Ranga said that the Finance Member and his staff do not know how much liability will be there and how much income will be obtained by the proposals. May I tell him in reply that there is one unknown item X which the Finance Member or his staff cannot find out. If Professor Ranga can help him, then the Finance Member will give the exact figures. And that unknown figure is, how much income-tax has been evaded? In order to find out this unknown quantity, the Honourable the Finance Member has appointed a Committee against which propaganda has already been started by the capitalists. I hope the Honourable the Finance Member will not succumb to this propaganda as he has succumbed to the previous propaganda by which he has brought down his income from 30 crores to 16 crores.

Sir, I have examined in detail the effect of the Business Profit tax. I find propaganda has not much force. I have got the calculations of all these things here in my hand. The dividends will remain as they are, but the amount of the reserve which they had been setting aside will slightly be affected but not to the extent which is given out by propagandists. The time at my disposal will not permit me to give all the figures, gathered from the *Finance and the Capital*. The amount of loss is very nominal. The shareholder, whom they call a small man, will remain unaffected and the amount of his dividend will remain the same. But there will be a certain fall in the amount they set aside in reserve. This is a point on which I have always spoken against my friend the Railway Member. When the country wants money for the development of our industries and we have to supply about 75 crores to the provinces in order that they may develop their industries, and help in growing more food, then it is time that we should examine that no industry, including the railways, should put an unnecessarily large amount in the reserve.

On the same issue I pressed the Honourable Railway Member that he ought not to put large sums of money in reserves at the present moment but to give more money to general revenues. I now press the capitalists that they should not put unnecessarily large amount in Reserve. I pressed the Railway Member that his reserve should be 10 per cent of the capital at charge. I have got here a table of 40 companies taken from the capital which show the amount of reserve they have accumulated. I take the case of a company whose subscribed capital is 28 lakhs. Its reserve is Rs 1,95,00,000. The value of 100 Rs share is now Rs 1,650. I should like to ask my capitalist friends how a hundred rupee share could increase 16½ times. Whereas in the case of Government business, a share of 100 Rs remains 100. A hundred rupee share becomes Rs 1,650 by exploitation of consumers, by exploitation of shareholders, by exploitation of income-tax officers and by exploitation of everybody whom they come across. The blood sucker Managing Agents do not even leave their own wives and children without exploitation. This is the manner in which their reserves have been built up and share value increased 16½ times.

Sir Gowsajee Jehangir For how many years has that company been in existence whose shares have appreciated to Rs 1,650? -

Mr. President Does the Honourable Member propose to go through the whole list of companies?

Dr. Ziauddin Ahmad No, Sir. I only gave the House the instance of one company whose shares have appreciated by 16½ times. Within the short space of 20 minutes allotted to me for my speech, I cannot deal with all the companies. I am not going through the whole list of 40 companies. Some of them are still more flourishing. These companies have been exploiting labour all the time. The capitalist has been fattening himself at the cost of labour and consumer and Income-tax officers. I give a timely warning that if the capitalists do not change their methods and if they do not enlist the labour, as business partners, then I am afraid labour will follow their own methods.

Now Sir, I come to controls. I do not like controls in any shape or form. I said last time and I repeat it again that control and corruption are synonymous terms.

Control aur corruption asal men dono ek ham

alam control men cham se koi soe keon?

Please abolish these controls altogether then we will live in peace. This applies with greater emphasis to food. I see today food being wasted because people in charge of food control do not know how to control food. My friend Mr. Sanyal suggested the other day that a scientist ought to be put in charge of food. But scientists are not practical men to control food. They can advise, but not control. Leave this question of purchase and distribution of food to trade who have the experience of centuries.

Then one word as regards civil supplies. I am not satisfied at the way in which the Civil supplies department have been dealing with American disposals. They are not doing justice to India's interest in the matter of disposal of American surpluses. It is not correct that they should raise the price level in our country for the benefit of Americans. The Finance Member tried indirectly to lower the price index, but he was not allowed to do so. His proposals did not receive the assent of his colleagues. The result is that prices have no tendency to fall, they are still soaring up. Our price index is the highest in the world. What is the economic effect? Employees will demand dearer's allowance, increase of salaries and other facilities. Discontent is prevailing elsewhere. You have created a situation in the country which would lead to strikes, stoppage of work, and all round discontent. Inefficiency is increasing in labour day by day. Labour is demanding more and more wages in order to make both ends meet. At the same time they are doing less work compared with what they used to do before. Uneasiness has increased among labour in all the factories. If you do not promptly look into the question of price level, if you continue to decrease the purchasing power of the rupee still further, you will come to grief very soon because discontent all over the country would lead to revolution. I give you timely warning. The position is exceedingly alarming. I notice a lot of excitement among the student population, there is a lot of discontent among teachers and discontent everywhere because people cannot make both ends meet. Unless you lower the price level, it is impossible to do social justice in this country. If the Finance Member is anxious to do social justice, then he and his colleagues ought to concentrate their minds on one problem that is lower the price level and take only those steps which help to increase the purchasing power of rupee. Industries will not progress by high prices and by artificial increase in the income of the people. They can only progress if they sell cheap in competition with world market. I am sorry to notice time and again that the steps which the

Government are taking are not tending to lower the price level, but they increase the price level. It is not social justice. The political problems are nothing compared to the magnitude of the economic problems that are facing the country now. When people are assailed by hunger, then revolution is sure to overtake this country. It is time that Government paid some attention to the question of lowering price level, otherwise we will come to grief.

Mr. Madandhari Singh (Bihar and Orissa Landholders) [The Honourable Member spoke in Hindustani. For Hindustani text see Appendix to the Debates for the 26th March 1947. English translation given below - *Ed. of D*]

Sir, I congratulate the Finance Minister for he is the first Indian who has been raised to this high rank. On going through the speech of the Finance Minister I found that the salt tax has been abolished. It is the greatest achievement for Mahatma Gandhi and Congress. The decision to abolish this tax has come after a long time or waiting. Mr. Attlee announced on the 20th February 1947 that the British would transfer power to Indians by June 1948. This is another achievement for the Congress through the policy of non-violence. This is probably the first such event in the history of the world. My own creed is that we cannot defend ourselves by *Ahimsa*. If, therefore, we are going to get *swaraj* we shall have to keep our defence up to the mark and this will require the organization of all the three services that is, Army, Navy & Air Force. We shall have to provide our Army with the modern equipment and military training. Our youth shall also have to be trained in modern warfare. I suggest that military training should be made compulsory and every man should receive it so that we may defend our country. This transition period is full of dangers. It is but meet for every Indian in such time to give up communal differences. We must receive freedom from the British peacefully and save our country from bloodshed as far as we can. We must all bear in mind that at present to our misfortune, the situation in our country is much deteriorated. I appeal to the leaders of both the parties to save our country from it. We must live together unitedly and make such arrangements as will ensure peace.

By reading the budget speech I understood that our Finance Minister desires and I may say that I am also at one with him in this respect that we shall have to maintain the status of stability of the budget during the interim period and for the future. We shall have to set up a committee to effect retrenchment in the services. We shall have to give to this committee the right of dismissing officers drawing large salaries. In most of the departments officers are paid large salaries which is not proper. There are many superfluous posts which must be abolished. Sirdar and Madras have no Commissioners. There the government is carried on without these dignitaries. Why should it not be done in other provinces? Thus there are many superfluous posts. I suggest that all such posts should be abolished or, at least, reduced so that our budget may become a balanced budget. Always budgets are balanced by reducing the items of excessive expenditure.

Now, I want to say a few words about the income tax. Last year I said in my budget speech to the Finance Minister and I repeat it again this year that Bihar has not been apportioned its share of income tax as it ought to be. The reason is that there are 107 companies who are registered outside the province. Many of their directors are registered outside the province. So the income tax of companies that make their incomes in Bihar goes to others. Bihar does not get the proper share. I request the Finance Minister to try and get the proper share from income tax for Bihar. I should suggest another very important thing. A bridge should be constructed on the Ganges near Patna. This is most important. The entire people of Bihar are of opinion that this bridge should be built at Patna. I have always been pleading for

[Mr. Madandhari Singh.]

a broadcasting station at Patna and this has not been done up to this time. This may please be established at an early date. Patna must at once have the air-service so that travel by air may be easy for the people.

Regarding food I want to say that as Bihar is a deficit province it should be provided with food materials. There the cloth situation is worse. Black market is rampant. This evil must go. It has reached a point that things can be had easily in the black market while in the open market it is difficult to get them. Efforts must be made to have every thing for sale in the open market so that poor people may be a little better off. As regards the taxation proposals I do not want to take much of your time. I will only say this much that the terms of the compromise may be acted upon. If there is any thing to be cleared in it, it should be discussed and decided upon now and here. Taxation is always bitter and is not liked by anybody. It is hated by people and they are opposed to it. But we cannot do without it. Taxation is necessary to balance the income and expenditure. I support the compromise agreed upon between the League and the Congress. I cannot resist saying one thing: it is very easy to make the rich poor. A person can be reduced to poverty in one day. Efforts, however, must be made to make poor people rich. A rich man can be made poor in a day. Many a time *goondas* rob, and set fire to the property and such actions reduce the rich people to poverty. It is, however, difficult to make a poor man rich. The popular Government must take from the rich and give it to the poor and thus unitedly we must light our way ahead and lead India from progress to progress.

Shri Mohan Lal Saksena (Lucknow Division, Non-Muhammadan Rural). Sir, I may tell you frankly that I am not an economist or a financial expert nor have I acquired an intimate knowledge of public finance as the Honourable Member is supposed to have done during the short time he has been in office. If I rise to make a few observations on the budget proposals I do so in order to give the House the reactions of a public worker, the reactions of one who has given a substantial portion of his life to activities directed to the welfare of the teeming millions of India, the starving, naked and toiling masses for whom the Honourable Finance Member seems to have developed a new love and whose well-being, according to his own speech, has been the guiding factor in framing these proposals. Sir, I rise to give the reactions of one who has as little in common with big business as with the Pakistan ideology of the Honourable the Finance Member. I rise, Sir, to give the reactions of one whose only capital in this world is the rich experience gathered during the last 27 years while working as an humble soldier for a noble cause, namely, the political and economic emancipation of India under the unique leadership of that great man Mahatma Gandhi. Sir, it is a capital which defies the ingenuity of the tax-gatherer and—if I may say so—the more it is taxed the more it is enriched.

So much for the subjective make up of my observations. Coming to the Budget proposals, I find that they produced two different kinds of reactions. On the one hand in the business world they caused more consternation than the presence of the proverbial bull in a China shop, and on the other in a section of the press they were proclaimed as a socialist budget, as a poor man's budget. As regards the former, reaction, I have nothing to say because I know they are quite vocal and strong to take care of themselves and as for myself I do not mind a few of them or even all of them being smashed provided that the well-being of the whole country and its masses is ensured. As regards the socialist, or the poor man's character of the budget, I may say, Sir, that we on these Benches lag behind no one in this House or outside in supporting a socialist budget, but I may also tell you at the same time that we won't be carried away by high-sounding words or catch-phrases or, for the matter of that, by scriptural quotations. We have been deceived very often and for long and

we cannot take things on their face value. We won't be deceived by the label before examining its contents.

So, as regards the socialist character of this Budget I went through the proposals as they are. I looked in vain for the provision similar to those of Beveridge Scheme, for the provision of conveniences as they call from cradle to grave. What provision has been made for children, what steps are being taken to provide creches for the children whose mothers go to work in the factories, what provision has been made for supplying milk to the infants or to suckling mothers, what provision has been made for providing even free and primary compulsory education, and what provision has been made to decrease unemployment or to provide more work for the unemployed. I know that at least last year the Honourable the Finance Member made a show of making some provision for increasing avenues of employment. He had said that money that would be invested in building industry would be exempted from non-estate, and thereby he had led us to believe that a number of persons will be absorbed in those industries. We find there are no schemes to give encouragement to this kind of employment. I may go a step further and ask what has been done to provide for the handloom weavers in whose welfare the Honourable the Finance Member must naturally be very much interested? Nothing. As my Honourable friend, Prof. Ranga, pointed out yesterday, even the small sum of 5 lakhs that used to be provided in the Budget does not find a place. It may be said that these are cottage industries. I know, but this is just the time when during the next few years we can develop cottage industries as we want to develop them. The Honourable Member might say that it is a provincial subject, but I am one of those who believe that the Central Government has got a responsibility to these Provincial Governments and it should give a lead. Moreover they have got their own Centrally Administered Areas which to my mind should work as laboratories for administrative and other experiments. Why start the cottage industries in the Central Administered Areas? There are so many other things which could be provided for and they have not been.

Mr. President: Order, order. The Honourable Member may go to the next point if he likes, but before the House adjourns for Lunch, I might inform the Honourable Members that, for the convenience of a large number of Members who wish to speak, it has been agreed to by the Parties that the question hour be suspended tomorrow, and that the House will sit up to 5-30 today and tomorrow. That gives the House two hours more.

I have further to request that, in view of the large number of names on the lists that I have received, every speaker will be so good as to see that he does not exceed the time limit. I found yesterday that in spite of the agreement, there was not very strict adherence to the time limit, and there were speakers who took about 27 minutes or so. Of course the time so taken is debited to the account of that particular Party, but every individual speaker feels a bit disappointed if he does not get a chance, and it is not possible to give it to everybody.

The Honourable Member may resume his speech at 2-30.

The Assembly then adjourned for Lunch till Half Past Two of the Clock.

The Assembly re-assembled after Lunch at Half Past Two of the Clock, Mr. President (The Honourable Mr. G. V. Mavalankar) in the Chair.

Shri Mohan Lal Saksena: Mr. President, when the House adjourned I was just telling the House that I have considered the Budget and I find that it is not socialist. The only point that may be said in favour of the Budget is that there are going to impose a tax which is considered to take all our money from the rich. And especially this capital gains tax as it is called, we know it is not a socialist measure. We are told that it is in force only in America, and America is not a socialist country. So because that tax measure finds a

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place in the budget proposals we must not be led to believe that it is a socialist measure. On the other hand, you know that the Estate Duty Bill* has already been introduced in the House and it is considered as one of the socialist measures and naturally if our friend, the Finance Member was socialist-minded, he should have tried to enforce that instead of introducing a Bill which has formed the subject of controversy all these weeks.

Now I want to show to the House that it is not even the poor man's budget as was made out by Hafiz Muhammad Abdullah. He said everyone in the street welcomed it as a poor man's budget. I do not know where he got that impression from. But from the Budget itself I can show that it is .

Mr. Muhammad Nauman: Because of the relief of salt tax!

Shri Mohan Lal Saksena: I am grateful to the Honourable the Finance Member that the salt tax has been abolished and it has been abolished because he did not succumb to the influence and the persuasion of Dr. Zia Uddin. When the Interim Government was installed, news came out in the press that one of the first things that will be done will be the abolition of the salt tax and when the Muslim League came in, I moved a resolution for the abolition of the salt tax. There was another resolution standing in the name of Dr. Zia Uddin that it should not be abolished, and not only that, questions were also pressed from those benches suggesting that this tax should not be abolished, and therefore I am grateful to the Honourable the Finance Member that he was not influenced by the members of his Party to leave the salt tax alone. What do we find? The Honourable the Finance Member has told us that the poor man has got relief in the shape of Rs. 20 crores of food subsidy. I think the other day Prof Ranga showed that it is not a subsidy to the poor. It is as much a subsidy to the Honourable the Finance Member as to his orderly because they are getting rations at the same rates. Not only that, we know there were questions in this House regarding the money that was wasted. How two representatives of this very Government were bidding against each other in Argentine, and so much money was waste! As a matter of fact this money—Rs. 17 crores—which was spent last year, most of it could have been saved if they had not been bidding against each other. Not only that.

The Honourable Mr. Liaquat Ali Khan (Finance Member) That was before the Finance Member came into the Government.

Shri Mohan Lal Saksena: My submission is that because you have provided this Rs. 20 crores for food subsidy that does not mean it will go to relieve the poor man. That is my contention. If you had subsidized, for instance, the cultivator, then that would have been something. On the other hand I just say that there is the poor man's betel-nut. You could have very easily abolished the duty on that. That would have cost you about Rs. 1 crore. But on the other hand you could have imposed a duty on wines and spirits and that would have brought you Rs. 2 crores. So, not only on the one hand you would have helped the poor man, on the other hand you would have taxed something which according to the *Quranic* injunction you should have tried to, if not put a complete stop to at least diminish it. But that was not done. Similarly, as for tobacco, we all know that the poor man is being taxed for uncurled tobacco. You could have imposed a duty on imported tobacco and cigarettes. Dr. Zia Uddin has pointed out that we in the Select Committee had made suggestions by which we wanted to increase the deficit. But we made no such suggestions. I do not want to reveal what happened in the Select Committee. We on those benches who form the Government party, and who are prepared to support the Government, do not want to take any such irresponsible attitude. We are always prepared to support the Government but we want not only that they should tax the people, but we want

to know how that money is spent. And so I may repeat once again that while on these benches we are prepared to support the Government in implementing the social objective which my friend, the Honourable the Finance Member gave out in his budget speech, we also want to make sure that effect is being given to that—what is being taken from the rich is being given to the poor. But what do we find? We find that there is an expenditure to the tune of Rs 327 crores. I say this will go to about Rs 350 crores because under Defence, although the provision is for Rs 188 76 crores, we know because of the lend-lease material which has to be disposed of and from the stores which Defence has to get, there will be expenditure on defence stores to the tune of Rs 20 crores. That means that it would go to more than 2½ crores. So that comes to about 340 crores. If the average income of an Indian is about Rs 100 or a little more and the population of British India is about 28 crores, it would mean that we are spending more than 10 per cent. of the average income of India. How much of it will you be paying back? You might be spending it on the army. It is one thing to spend money on fortifying a city and another to provide houses for those who are without shelter. What is being done to provide people with work? How much is spent on productive expenditure? You will find that the proportion of money to be spent on productive items is much less than the amount spent on other things. Therefore my submission is that it is not a poor man's budget. I may repeat once again that so far as we are concerned we lag behind no one either inside or outside the House in supporting a genuine socialist or poor man's budget. We are not going to be carried away by mere catch phrases or high-sounding words, no matter from which quarter they may come.

I might also say that it is not even a Congress Budget. *Dawn* has published that there was consultation between Pandit Nehru, Dr John Mathai and Mr Liaquat Ali Khan on the 19th. I do not know what is the authority for this statement.

The Honourable Mr. Liaquat Ali Khan: It was published not only in the *Dawn* but in the *Hindustan Times* also.

Shri Mohan Lal Saksena: The exact date has been given by the *Dawn* and therefore I am referring to that paper. I do not know what is the authority for the statement. I will be glad to know that this was the result of cabinet consultation. I will be relieved and happy to know that the Honourable Member is not functioning in compartments but as a joint Cabinet.

So far as the Congress is concerned, even at Karachi it had laid down that the military expenditure must be halved. The expenditure was then to the tune of 60 or 70 crores. We know that there is no reduction in military expenditure this time. We also find that the disparity between the salaries of the lowest member of the Honourable Member's Department or for that matter of any other department and its head remains as great as before. It is not a Congress budget. It is a budget which suffers from the defects of a departmental budget. I am sure if all Honourable Members of the Cabinet had given their full consideration to the Budget they would have been able to effect more saving than we find in the budget. I know that the Honourable the Finance Member has proposed the appointment of an Economy Committee and I hope the committee will be appointed. What I would respectfully suggest to the Finance Member and other Members of the Government is that they must accept straightaway a 5 or 7 per cent. cut in each of their departments. If they do that I am sure the departments will be compelled to work out the economies. I may point out that economy and efficiency are not inimical either in peace or war. On the other hand, I would submit that efficiency suffers without economy. If there is one superfluous man who has not a full day's work in a department, his presence detrimentally reacts on the efficiency of the others. I had a talk with one of the Members and I told him that his

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department was a war department and therefore he must do some retrenchment. He at once said "No, no. There will be a hue and cry. How can we have retrenchment just now?" I would not mind if you give them a pension but that they should sit idle without work in a government department, when there is so much work in the country to be done, is what I cannot subscribe to. These men may be put to some other useful work instead of being kept on in their departments without any work. My submission is that out of the 327 crores if you accepted a cut of 5 or 7 per cent you will be effecting a saving without any loss of efficiency and at the same time that money can be utilised in other what are known as nation-building activities.

When we went into Select Committee, or for that matter even outside the Select Committee, we were prepared to make our suggestions to the Honourable the Finance Member to meet the requirements of the budget. But he would not listen to us. He would stick to his own proposals. He had come out with a remedy and I must respectfully submit, with due deference to him that he followed the technique of a quack. The quack comes forward with a remedy, gives it a very good name, gets a few testimonials and advertises his stuff. He makes his pile and bolts off to another place before people come to realise the true worth of what the man has sold. My Honourable friend says that it is a socialistic budget and the object of the taxation proposals is to tax the rich who have made money in the black market and other unfair means, then the Honourable Member gets a few testimonials. Then it is given out that some of the members of the Cabinet had consultations with him. After all even last year Sir Archibald Rowlands had promised an expert enquiry committee and you will remember, Sir, that he said that this enquiry was overdue, because the last enquiry was held about 20 years ago. He said then:

"Widespread desire has been expressed for the appointment of a committee to examine and report on the present tax structure and taxation incidence with special reference to their effect on trade and industry, employment, standard of living, savings and capital formation."

Then he said that this Committee will be appointed very soon. You know, Sir that in this House we had raised this question by means of interpellations and the Honourable Finance Member said that because of the uncertainties of the situation this committee could not be appointed. If it could not be appointed at least he could have invited the representatives of the various sections in this House to a round table conference, and discussed their suggestions, so that he would have known the direction in which the minds of the various sections in this House were working. He need not have given out his mind. So far as the capital gains tax is concerned we suggested that it should be confined in its operation to begin with to certain specific assets, such as shares, sale of concerns, etc. As to the rest there should be an enquiry. We do not claim to possess any expert knowledge. But the Honourable Member would have nothing of the kind. Nobody is afraid of experts more than a quack. My Honourable friend is very much afraid of them, I know. The late Pandit Motilal Nehru used to say that he would rather die at the hands of a competent and expert doctor than be saved by a quack. I would not go to that extreme. But I would say that India has come to such a position that we cannot afford to take any risks. We have been bled so long and so profusely, that even one wrong step would result in the death of millions of our countrymen. Then the Honourable Member says that the tax is only for one year. "The profits are already there and I can tax them. It will be for the Finance Member who comes next year to see how he can make the two ends meet." This is a statement which makes me all the more suspicious and careful. The Honourable Member is thinking of migrating to his homeland or dreamland of Pakistan after one year. I want him to have some policy which

would have continuity. It should not be a hand to mouth policy or a year to year policy. Sir Archibald Rowlands removed the E.P.T. last year. Because he was going away it was not his concern as to what happened. This year the Finance Member himself has admitted that the tax was removed a year too soon. After all the appointment of this committee may take two months. You will not lose anything. The transactions are there and are known. They can be taxed. If the effect is not going to be what it is represented it would be, you will have your tax realised. I am sorry the Honourable Member would not agree to that. A compromise has been arrived at and so far as we are concerned we will just carry out the compromise but I want to make it known to all concerned, not only I but all my friends here, that so far as we are concerned we were not actuated by any motive except that the industries of this country should not be disturbed. Moreover the financial structure should not be shaken. I have got a few letters. One letter is from Bombay. It says.

"Is the Honourable Mr. Liaquat Ali Khan prepared to make himself decapitalised for social justice simultaneously with our utter decapitalisation immediately causable by his wanton proposal of 25 per cent B.P.T."

There is another letter.

The Honourable Mr. Liaquat Ali Khan: Who is this gentleman?

Shri Mohan Lal Saksena: Ram Lal Jotilal Ram from Bombay.

Haji Abdus Sattar Haji Ishaq Seth (West Coast and Nilgus Muhamma-
dan) I will be able to produce a number of such letters.

Mr. President: Let there be no conversation between Members.

Shri Mohan Lal Saksena: I am not going to suggest that this is quite correct. What we have suggested in the face of all this is let there be an enquiry. We have offered our suggestions also. Why does not Government undertake the sale of gold and silver? We said you are exporting 500 million yards of cloth and paying sums in the shape of subsidy in purchasing foodstuffs from other countries. After all these persons are making money. Let Government take it in its own hands and charge the price that is charged to the countries. The profit I am told would be about 4 crores. It was not that we did not want alternative proposals. On the other hand we said 'Bring any reasonable proposal. If we are satisfied that it is not going prejudicially to affect the economy of the country it will satisfy us.' We said that out of this expenditure there should be economy, that there should be reduction, and a substantial part of that reduction should be spent on nation-building activities. We have said all this and I hope the House will support us.

Sjt. M. V. Gaugu (Bombay Central Division Non-Muhammadian Rural)

Mr. President, I have heard many speeches these three days and I was very sorry to note that in some of them motives have been imputed to one or the other party. My approach to this question was indicated partly in my speech when I spoke on the general discussion stage. I then stated that it was not a case of straightaway rejection but it was a case for amendment, and after seeing, hearing, reading, digesting whatever has happened, whatever has been written and whatever has been spoken in the course of the last three weeks I am confirmed in the same view. To tax and be popular is as impossible as to love and be married. Ordinarily the lot of the Finance Member is not very happy. But the lot of a Finance Member who has to deal with the budgetary position soon after a big war is over is all the more difficult. Instead of doggering him with criticism, fair or otherwise, it should have been the duty of every member in this House to help him in tiding over the difficulty and also laying down certain principles of approach to the system of taxation for the new State that is to be born. Keeping that in mind I propose, Mr. President, to offer a few remarks.

[Sjt N V Gadgil.]

I repeat with a full sense of responsibility that the principles underlying the two taxation Bills are just, and on the score of justice and utility they can be defended. I have defended them and I am prepared to argue that point with anyone if not here outside in the lobby. There seems to be an idea in the House, with some members at any rate, that tax is an encroachment on private property and it is a field in which all cunning, all slyness, all ingenuity should be applied. My approach towards tax is different. My submission is that the creation of wealth is never done by an individual alone or in isolation. It is the society, its needs, its institution, its activities that give value to the product. In fact Society Co-operates with the individual producer and assigns to product its value. In fact the state is a partner and therefore the state is entitled to its share while the man is alive and certainly entitled to a share when the man is dead. If it is assumed that the creation of wealth is something in which the society has a considerable part, our approach immediately undergoes a definite change. After all a modern state must accept the responsibility of maintaining its citizen. The right to employment is a right and a fundamental right. I have heard with great regret everybody asking for retrenchment and reduction of expenditure. In final analysis expenditure means expenditure on men because we do not budget for commodities. We budget for men. If my friends who have been insistent on retrenchment were to understand what is happening in the country they will think ten times before going full steam ahead with their schemes of retrenchment. Already troubles have started. People who have made money are all right and are happy. But when unemployment is on the increase and when neither the state nor private enterprise makes any provision for them, you are not budgeting for prosperity, you are budgeting for revolution. If that contingency is kept in mind I am sure there will be limitation on the enthusiasm among some of those who have been trying since last year to get retrenchment effected in the Government. When I say this I do not want to say or I do not want to be understood to mean that there should be men without any work. But if it comes to this I will repeat what Lord Beveridge said that it is much better to dig holes and fill them with the help of the men than keep them idle. In the long run it will pay the state more. But things have not come to that pass. My submission is that if this responsibility is accepted—and it must be accepted—then you must find out money, you must find out finance and to that I now turn my attention.

Sir, I stated a few minutes ago that in the creation of wealth society has a share. I want to pursue the matter further and I want to see to what extent it can take the share. Is there any scientific principle with the help of which I can divide and distribute the share of the state and the share of the individual? I take the individual first and I find that I must keep the individual in a fair state of efficiency. I must see that he has an incentive throughout his life, that he remains cheerful, that he does his job well and truly. I can find out his cost in money terms by the help of data and statistics available and on lines which have been followed in other countries. But beyond that, whatever is left with him is surplus to which according to me he is not entitled. That is one source of income.

As regards industry I apply the same principle *mutatis mutandis*. Whatever is required to run the industry with efficiency, whatever is required by way of current capital and future capital should be provided for. But when all that is provided for, whatever is left is surplus to which neither the industry, and certainly not the industrialist, is entitled. When I hear so much argument—and sometimes it is advanced with sentiment—that industries must advance, industries must advance, then I actually think out the whole thing and I find that ultimately it means that the industrialist must advance. Sir,

you know that I am a member of the Central Pay Commission. The scientists were examined by us and they all said that something must be done for the advancement of science. I heard it so often in the course of two hours that I grew cynical and began to think that the advancement of Science really meant the advancement of the scientists. I make a difference between industry and industrialist. Industry is a concern of the nation. I do not think the State should have any great concern for the industrialist, at least not greater than any ordinary citizen. They cannot rank higher than that but I must see that, when I attach the surplus, the industry does not suffer and I gave the example of an apple and I said that if you cut it and make it into two halves, you do not create another apple. My whole intention in saying it was that I kept my mind open. I must be convinced that by the budgetary proposals which the Finance Member made production should not suffer but should increase. We are living in a transitional stage, economically, politically and constitutionally. I am by nature conservative in action, very liberal in speech but so far as ideology is concerned, I will not yield even to Prof. Ranga but I try to keep a balance between my opinions and my action. When therefore people accuse me or my party of being slaves of capitalists or enemies of capitalists, I square one with the other and I try to see that industry which is my concern, my nation's concern, ought not to suffer, because if industry suffers employment will go down and ultimately we may be faced with a problem that I want to avoid. My submission therefore is this that the surplus, which is really that portion which a man or an industry gets over and above what it deserves is a subject matter of tax. How much it should be in actual terms will largely depend upon the exigencies of the particular circumstances of the State. Further an argument was advanced not by one but by many that—you have so much deficit. We gave you another alternative. Take this and let us be done with it. That limits the theory of taxation to the needs of the State. I do not share that view. I stand for high taxation subject to the limitations that I have just enumerated. I say, Sir, that taxation cannot be limited to the needs of the State but a new moral and a new economic basis must be evolved for the needs of a modern State which our country is going to be and that moral and economic basis is the identification of this surplus with the income which is the expression of the aid given by the State in the creation of the same. That is my formula and I want to bring that formula to the pointed notice of my friend Mr. Tyson who was good enough to pay me some compliments which are very rare in these days. Just as he quoted Stamp, I want to quote Mr. Hobson who has written a very good book 'Taxation in the New State'. If he accepts my general idea that a man is not entitled to more than what is necessary to keep him in a reasonable state of efficiency and an industry is not entitled to give more than what is necessary to keep it in a state of reasonable efficiency plus whatever is necessary to keep it going and expanding, then whatever is left is the expression of the income which the industry and the individual have earned as a result of the aid they have accepted or they have got from the State. That is the new moral and economic basis of taxation. It may be that at a particular stage, as I said, you may demand the whole portion. At any stage you may take less and I heard the Honourable the Finance Member in replying to the general debate said that he would not be bullied by the capitalist but if he were convinced by his case, he would certainly be prepared to modify his proposal. I therefore interpret the acceptance of this particular compromise formula not as an indication of weakness on his part, not an indication of wickedness or sponsoring of vested or sectional interests on the part of any one section of the House. I feel that it is very difficult to ascertain the exact implications of a new tax. It is precarious in its incidence and in its yield and Mr. President, you know that when he was faced with a deficit he had to run to America. Columbus made the discovery of America and he brought some prosperity to the old and some prosperity to

[Sjt. N. V. Gadgil] the new world. By going to America and discovering this tax he had brought prosperity to some and calamity for the others. However what I want to make out is that on the grounds of justice and utility I cannot agree that the two proposals of taxation are bad or they do not come up to the modern scientific conception of taxes.

Now, today it is impossible exactly to know what will be the effect of these taxation proposals on industry. Therefore it is good that he has moved cautiously. The central problem of any tax system is to devise a tax system which will secure as much as possible of surplus gain without disturbing the energy or incentive of the businessmen who operate industry or diminishing unduly the flow of new capital required for enlargement and improvement. In the course of the last 20 days and more I have met a number of people, experts and quacks, as was suggested by Mr. Mohanlal Saksena, quasi quacks, laymen and businessmen and none of them has been able to enlighten me as to the exact effect these taxes will have on industry and on the flow of new capital. If this is the position, then it is a case of moving slowly, moving with understanding with all the sections in this country and that is exactly what the Finance Member has done. I congratulate him on that ground alone if not on anything else.

Now, in this country, in the course of the last six years there are many people who have made fortunes on the misfortunes of some of us and it is no sin, in fact, it is a positive duty on the part of the State to tax and tackle this war wealth and to get as much out of them as is reasonably possible. During the last six years many old industries have prospered. Many have found their feet. Many new industries have come into existence and there was a general expectation in the industrial world of doing something great. There were high hopes. I want to know to what extent that hope and that confidence have suffered as a result of this. If it has suffered so much as to cause long term effects, surely I would regret it and in due course of time if I happen to write memoirs I will condemn the Finance Member on uncertain terms. I have condemned in one of my books six years in the Central Assembly his predecessors, but today I am not convinced because there are no facts to guide and effects are still uncertain and invisible. Now, my submission is that this is a sort of trailer for the future investors to know the shape of things to come. Do they not owe a duty to the country? Must they always insist on 9 per cent or 10 per cent or 6 per cent. After all how much rate a man requires of profit to give him sufficiency of incentive? I am reminded of the story written by Tolstoy—how much land a man requires? The king, I do not know whether he was a Hindu king or a Muhammadan king or a Christian king, said, "Take as much land as you like and when you say that you have now finished with it, that land will be yours." He started early in the morning and went on right into the night and then collapsed and he then found that he required land 6 feet by 3 feet. I want to know how much a man requires for living for saving and investing. As an economist I can certainly say that the rate of interest is determined by the unwillingness of those who want to save and the same rate goes both to the willing and the unwilling. There are men who would like to be the President of the Assembly on half the pay or twice the pay but the rate is determined by a consideration of both. Similarly, there are many members who would like to be here to do the work in an honorary capacity and there are also members like me who would like to have a little more because I have a large family. But the ultimate rate is determined by the various forces. Life is a continuous process and things do not remain stationary, and finance is therefore dynamic and not stationary. Finance is dynamic because finance is the economic expression of the activities of the human mind. We must think ahead. We cannot be guided by precedents that may be available in the British Isles or America or anywhere

else. We must take the genius of the people, our past history and our social organisation into consideration and then come to some conclusion. If we do not do that, we must gradually go down. Today the foundation of our industrial system is private capital with profit as the sole regulator, and we have found that it is not a sure basis for order in the society. Every day there is a strike and millions of hours of work are lost and thousands of people participate in it. We have found that this cannot be the basis of our future society. Then, what shall we replace it with? This is a question which should have been discussed in these three or four weeks and we could then have laid down appropriate principles of finance for our future State.

What I want to submit is that the life-blood of capitalism is interest and I will give the whole idea in a nutshell. You must not try *jharka* methods as seem to have been tried by the Honourable the Finance Member, this *halal* which he now proposes is also no good, you must try euthenasia, the word used by Mr. Keynes, the great economist, which means pleasant, painless and gradual death. How can that be achieved? When I said that the life-blood of capitalism is interest, it means that the life-blood of capitalism is profit which includes an element of interest. I am not going fully into the economic theory. It is sufficient for the purpose of the discussion to say that capitalism lives on these things. So, we must arrange our finance, our money market, our bank rate and the general life in such a manner that gradually they will not find it worth their while to save and ultimately the rate will come down from 4 to 3 and from 3 to 2 and from 2 to 1 and from 1 to zero. Then, that happy state will be achieved. Capital then will be secreted in the ordered arrangement of annual production. Basis of the whole system will have undergone a change. That is the way to work it up. It is not a revolutionary way. I plead guilty if that is the charge, but this is the surest and the most effective way and it is perfectly consistent with our ideals and our outlook.

Now, what I want to say in the end is this. Let us not try to impute motives one to another. Let us not criticise this, that or the other or insist on the reduction of the military budget here and there. I just want to ask one question. Has anybody taken into account what would be the factors that ought to determine our military expenditure? How many of us have really before their eyes those who are our possible enemies? What will be the line of defence? What will be the composition of our defence system? What will be the material? What will be the scientific front if ever a war comes? We are living in the atomic age and it is no good speaking of *lathis* when bombs are dropped from the air. It is no good giving *lathi* educations in the schools. These are factors which are naturally expected to be given sufficient attention and ought to have been the subject-matter of discussion when the budget was under discussion. To my great regret, I find people still thinking of the old world ideas, still thinking of the Government which is no more and which has gone unwept, unhonoured and unsung and still repeating the same slogans. That is no credit to our understanding of the problem. I, therefore, very respectfully urge on the consideration of this House the necessity to open a new chapter. Whether India is going to have one State or two States or half a dozen States, does not matter, but the principles of finance governing each new State cannot be different one from the other. If we can evolve certain model rules and adopt certain good principles by which the rich will be properly sized and the poor will feel that his life is worth living, I am sure not only India will be one State—because in one State there may remain many nations—but India will lead all the Asiatic countries. I thank you very much, Sir, for giving me few minutes more.

Shrimati Ammu Swaminadhan: (Madras City Non-Muhammadan Urban)

Mr. President, Sir, several of the speakers before me have brought forward the merits and demerits of the budget presented to us by our new Finance Member.

[Shrimati Ammu Swaminadhan]

There is just one sentence which he made in his speech when he presented the budget which I was happy to hear, and that was that he would contribute to the best of his ability "to the improvement of the lot of the common man." That is one sentence that, I think, has made not only the Members of this House happy but I am sure there must be an India-wide satisfaction. I am not going to speak on figures or facts, as I know very little about finance and still less about figures, and I am not an economist either. But I must submit that on the expenditure side, I am feeling rather disappointed at the suggestions given by the Finance Member. He wants to tax so that there may be an increase in the revenue of the Government of India. But I feel that that alone is not going to help the poor man of our country. What we need to-day are plans and schemes on a big scale—not counting so much the expense—and also on a short term policy. We have today what is known as the Sargent scheme on education and Bhole scheme on health. But they are still remaining more or less as schemes. We want the Government of India to take up utility and nation-building schemes, so that the poor man may have real relief given to him. The two most important things in a nation which go to make the people of that country good citizens and also make them realise the responsibilities that are going to be placed on their shoulders before long, these two most important things must not be forgotten and must be given full consideration by the Government of India and they are health and education. The appalling illiteracy in India is well known not only to us in India but to the world at large. The House is aware that the Inter Asian Relations Conference is in session in Delhi now. On the opening day of the conference when I heard about the percentage of literacy in other parts of Asia, I was very painfully surprised to learn how much behind other Asiatic countries, India was, in the matter of literacy. This state of affairs cannot go on especially under the present Government, Members of which are representatives of the people of India. We have now no excuse to say that it is a foreign Government in power and that they do not care for the welfare of the country. We have our own Government and it is up to them to see that what we have been agitating for so long, what we have been asking for so long materialises and must see that all our agitation does not come to nothing, or that our cry is a cry in the wilderness. The Government must see that effect is given to the demands of the people before long. One thing that pained me much to see in the budget is the expenditure on defence. Is it necessary even today to spend so much money on defence which takes up more than 50 per cent of our revenues. We need defence of a different kind in this country and it has been a great need for many years. We want a defence department for training people, not to kill each other or for training to kill other human beings. We want a defence department that is going to fight disease. That is the most urgent need in this country today. We suffer from malaria, from small pox, and from untold number of other diseases, and people die year after year without getting any medical aid or even without knowing what they are dying of. We have to fight that enemy, namely, disease, more than any other enemy from outside. I want the Honourable the Finance Member to remember that he should create a department which would defend the people of India against this dangerous enemy. This is a long felt want in this country and it has been neglected so long and so little money has been spent on improving the health of the country and the result is we are a nation of sick people. If we go to a village what do we find? People suffering from dysentery, diarrhoea, small pox, chicken pox and various other diseases. Possibly for miles around there is not one single medical person to attend to their illness. This appalling state of affairs must end soon and the health of the people should be improved.

The next thing which demands the attention of the Government is the wiping out of illiteracy in the country. Most of our ills are due to illiteracy.

People are so ignorant that they do not know how to cope with all the problems they are faced with. You go anywhere, you see people absolutely helpless, not knowing what to do because they cannot either read or write or understand what is going on in this world or around them. The scheme that has been put forward by the Government of India, called the Sargent scheme has put down 40 years for the spread of literacy in India. Surely this is too long a period. If the Government wills it, it need not take such a long time as 40 years for removal of illiteracy from this country. Take Russia. Take Japan. Both these countries dispelled illiteracy from their countries in much shorter time than what India aims at. India has already got certain well established educational institutions. More attention has to be given to the villages of this country and see what they are suffering from and what are the problems that face the villagers. So many of them are not able to get even one square meal a day. Then when we talk about reducing the incidence of taxation, we always think of the industrialists and other moneyed people who live in cities. That is not enough. We have also to consider the poor villagers. We have to think not so much about meeting the deficit or of allowing the budget to be balanced. We must think most carefully of items of expenditure and how best it can benefit the people. That is what I feel we have to consider more urgently than lots of other things that are in the budget for this year. I felt happy when the Honorable the Finance Member spoke about the "poverty stricken masses" in India and that he would see that as much relief is given to them as possible. I hope he really means that. I hope he will not bring forward the excuse of want of money.

Now while on this question of funds, I feel that a good deal of retrenchment can be carried out, first of all in the Defence Department. I do not think it necessary to spend 180 crores over the Defence Department now that the war has been over for the past two years. I feel that the Government of India departments which employ hundreds of staff might easily reduce the staff now that the war is over and there is not so much work to cope with. The work must have become much less than what it was before. It is very necessary for Government to think of retrenchment very seriously. I know it will bring about the problem of unemployment much more acutely to the forefront. But we cannot help it. This always happens in every country after a war. It happens not only in India, it happens everywhere else. It is absolutely necessary to see that we save as much money as possible so that relief can be given to the really needy and that is the villagers. With money thus saved, it will be possible to carry out many of the welfare schemes that had been only talked about so long and not carried out for want of funds.

With regard to villages, there is one suggestion I would like to submit. That is, greater attention should be paid to the agriculturist. I come from a village in Malabar and I know the difficulties of the agriculturists especially in these hard times. First of all the agriculturists have to depend entirely on the weather. One year there is excess of rain, another year there is drought, and in either case the agriculturists suffer. This goes on from year to year. They get very little out of the labour they put in on their fields. They get very little food out of the soil. So immediate relief should be given to the villagers. What is urgently needed is a large number of irrigation schemes. I may be told that irrigation is a provincial subject and that the Central Government have nothing to do with it. But my submission is that provincial governments run the administration under the direction of the Central Government and it is the Central Government that should give directions to all provincial governments which they would carry out. Besides, the provincial governments might also be in need of funds which they might require as loan from the Central Government. It is no good to have all schemes only on paper. I am sure that there will be a large number of files lying in different offices of the Government of India relating to various schemes. There is no use in allowing them to remain only in the file stage and letting them rot.

[**Shrimati Amma Swaminadhan.**]

and finally be thrown into the waste paper basket. That is not what we want. We do not want so many paper schemes. We want the Government to implement these schemes and to put their ideas into concrete shape and thus improve the agricultural wealth of the country. Similarly they can tackle the health problem and the educational problem. Unless the Government tackle these two most important problems boldly and with imagination, the country will not flourish and even achieving of independence which we are on the threshold of doing will not do much good to us unless we are a nation of healthy people, and unless all the people can read and write. Sir, we are asked to take the responsibility of governing this country from next year June 1948 is the time that is fixed for foreign rule to end. But how are we going to take that responsibility if nearly 90 per cent of our people remain illiterate? I know the statistics show a literacy percentage of 13 or 14, but really speaking it is 90 per cent that is illiterate, because, by being able just to sign one's name they cannot be called literate, and we know that they are not really so because they cannot read, or understand what they read. So I would respectfully suggest to the Finance Member and his colleagues that these two problems must be taken up **whether there is money or not. Money** can be raised by loans and the Government of India can surely float any amount of loans they like if they want to do these things for the welfare of the people. Some call this budget a poor man's budget, let us see whether it is really so and how far the poor man really benefits by it. By merely reading these things he is not going to benefit in any way, schemes made for him inside the Government of India Secretariat will not benefit him in any way. But Government should really take up these two things,—to make the people's health better and stop the terrible mortality that prevails, infant mortality, child birth mortality as well as mortality from other causes. Unfortunately very little is known as to what people are suffering from, and when they die the death is recorded as 'Death from other causes'. That shows the appalling condition of the health departments. They are not able to cope with the work that they have to do because it is so enormous. Sir, I am not criticising the budget with regard to its figures or with regard to the taxes which may be right or may be wrong. But I only want the Government to remember that we and the people of India are looking to them and not to the figures in the budget. We want them to see that they do something for the poor people of this country who have had so little help all these years. They look up to the present Government to give them a real human helping hand and to give them facilities which are the birthright of every human being in any country but which unfortunately in this country they have not got all these years.

Mr. Munaminad Nauman: Sir, I do not propose to comment at any length on the budgetary proposals. My Honourable friend Mr. Tyson said this morning that the Finance Member has generously agreed to concede a certain point of view and brought back smile to faces which were gloomy on the 28th February last. Everyone knows that the press has got great powers and a press controlled by capitalists can create any amount of commotion or agitation to press the point of view of their owners, and propaganda was carried wonderfully well in the name of the common man of India. A new philosophy, however, was introduced for the support of the capitalists that is support was canvassed for making the rich richer or at least keeping them rich for all times. My Honourable friend Mr. Gadgil made a very good speech just now and perhaps made the industrialists open their eyes by saying that "although we are always for industry we cannot be for industrialists." What is required by these capitalists is not advance of industry but advance of industrialists. We are always prepared to safeguard industry but the question here is the safeguarding of the managing agent, the promoters who are the industrialists.

Mr. Gadgil well said that interest is the life blood of the capitalist and a point had to be reached where it is to be zero, this should be the aim of the Government which is to be realised at an early stage or at a later stage. I do not agree with the philosophy of the Bombay Plan as regards *per capita* wealth. The *per capita* wealth may look high on paper and by the individual wealth being distributed on paper it may appear that the distribution has been made all though materially compositions of individual holdings remains the same as before. I do not want to amplify this point, but I was really surprised at the speech of my Honourable friend Mr. Saksena, who appears to have been briefed by the capitalists but was trying in vain to appear innocent of the implications of this advocacy as his own conscience was not feeling satisfied. He tried to impress on the House that the budget was not prepared with that care which would convince him as to the accuracy of the figures. Budget proposals figures can in no country be absolutely accurate. It always pays some men to say that the figures are an under-estimate or an over-estimate. Results prove that they are nearly accurate. It has been done with as much accuracy as any human agency can do it in the circumstances. Of course about the capital gains tax it is impossible for anybody to make a correct forecast because this tax has not existed in this country and we cannot as yet understand the incidence of this taxation in actual practice. But with regard to revision of slabs, and business profits tax, etc., I do not agree that the figure is an under-estimate at all.

Now, Sir, I congratulate the Finance Member on having conceded a point which a certain section was advocating for reasons best known to themselves. He took the matter to the Select Committee. There also we were able to give good relief through amendments but we could not satisfy the greed of capitalist on all the points which a certain section insisted and which the Finance Member has now thought it fit to agree.

I will not deal with the budget any more but I will refer to contributions which can be paid from the centre to the provinces and specially to Bihar. I will not relate the tales of misery of the Muslims of Bihar and the tragedy that took place there because it will serve no useful purpose. But I would like the Finance Member to examine whether it is not possible for him to give them compensation for their losses from the central funds. I will in this connection refer to the insurance fund that the Government of India had built during war time when many places in this country were in danger of being bombed. At that time Insurance Fund was built up for that particular purpose and to the best of my knowledge a very small proportion of that was spent because bombing on a big scale could not be done by the enemy country. If the Honourable Member would look into that question, it may be possible to do justice to the people aggrieved at this period by communal warfare. This part of the Bihar province has been declared as 'disturbed area', but probably it will not be very easy for the province, with the scanty finances that Bihar has, to give adequate compensation for the losses which the Muslims in Bihar have sustained, unless the Government of India came to their rescue and help. I want to draw the attention of the Honourable Member to this particular aspect and in view of the fact that there is communal commotion in this country—it is unfortunate but the fact remains that it is there—I would ask the Honourable Minister to see whether it is possible to start the same system of compulsory insurance as we had during war time. I hope and trust that the Honourable Member will give his best thought to this question, because I doubt very much if the provincial resources are at all able to meet these obligations even if they so desire. It is the duty of this Government to pay compensation for the damages and losses which have been inflicted on certain section of people. I do not wish to say anything further on this question because it would not perhaps be advisable to discuss the whole formula of Insurance rate etc just now. I only wanted to bring this particular

[Mr Muhammad Nauman]

matter to the attention of the Honourable the Finance Member and request him for thorough investigation. With these words, I support this Finance Bill.

Mr. Vadilal Lallubhai (Ahmedabad Millowners' Association Indian Committee) I am glad that there has been a compromise among the parties, but, Sir, at the same time I am unhappy to find that this compromise will not help the country because it has only taken care of one side of the problem and has not tackled the other. The idea behind these negotiations was that the Finance Member may be enabled to get finances, and at the same time the industrialization of this country may also be helped. Today I will try to put before the Honourable the Finance Member the other aspect of the case in order that he may see whether these taxation proposals will help the industrialization of this country or whether they will adversely affect the industrialization. I am here trying to evaluate the situation in that spirit, and I hope my Honourable friend also would consider the same in that very spirit.

The Finance Member has naturally to pilot the finances of this country in a way that will help in raising the standard of living of the people. If his proposals would do that, certainly he is right. But if I am able to convince him that it will not be so, I hope he will reconsider the matter in certain respects.

If you remember, Sir, I supported in my first speech the capital gains tax. I feel that it is a just tax and it ought to be levied, but we have got to view these proposals in their cumulative effect. The question is whether sufficient incentive will be left with the industrialists to start new industries, to modernize the present ones, to expand them, and so on. Many aspects of the case have been considered already. According to me one of the most important aspects is that the incentive should be kept up so that new industries may grow. I find, Sir, that the taxation proposals as they are, are much higher than the taxation in the United Kingdom from where we have been borrowing our taxation system up to this time. If he compares the two taxation proposals, I am sure the Honourable Member will agree with me. If you look at the slab in the Finance Bill, the highest slab is reached at 1,20,000 on unearned income, and 1,50,000 on earned income, while the same kind of slab in the United Kingdom gives a latitude up to 20,000 pounds. In England the Business Profits Tax is only 5 per cent, while we have a heavier kind of tax here. The Capital Gains Tax is not there. It may be said that although the Capital Gains Tax is not there, there is Estate Duty in England. I would prefer, Sir, to tax the living rather than the dead. We have come across the difficult situation created because of the Estate Duty. If the father dies when there is prosperity, and in a few months time if there is depression, the son suffers due to no fault of his. That is why I would prefer to tax the living, rather than to tax the dead. If we consider the slab after 1,20,000, you tax the man 15½ annas in the rupee. Out of this 1,20,000 the present taxation would take away 76,000 leaving Rs 44,000 with the man. If he earns one lakh more, it would leave him less than 3,000. And mind you this is not on his investment, but on his earnings. Now, Sir, do you think that a man will have any incentive to work if he knows that he will be given 3,000 out of his one lakh of earning. It means he must be content with industrialization to the extent he is earning 1,20,000 which will leave him 44,000. If he does any further industrialization he will be doing only for 3,000. So he will be putting a premium on his honesty and nothing else. I would, therefore, request the Honourable the Finance Member to consider this aspect of the question and see whether by his recent proposals he will not be putting a premium on dishonesty and tax evasion.

The Honourable Mr. Liaquat Ali Khan: That is already there.

Mr. Vadilal Lallubhai: Yes, but the tax evasion which is there will multiply

many times and I have no doubt about it and the honest man will be thrown out of business. Are his intentions to see that the honest man does not thrive, the honest industry does not go up? I would like him to consider that point of view. There was up till now a lacuna in the tax. One of the most important was the capital gain. There were capital gains to the industrialist, to capitalists, and I for one supported, and I still support that the capital gain tax is a good one, and that lacuna is now stopped and so for the honest man he has got to stop further industrialization. I will be told that the majority of the shareholders in industry are middle-class men. I agree. But I would like to tell the House as to whether it is the shareholder who starts new industries or the industrialist. The definite reply would be that it is the industrialist who does it. That is why I would request the Honourable the Finance Member to consider well—to compare the U.K. and the U.S. taxation systems and I would remind him of the words of Sir Archibald Rowlands last year when he was confronted with a query that he was making rich richer. He said, Can taxation go further than 15½ annas in the rupee? That is what he said last year. The other side of the question would be the business profits tax, which also I would like him to consider. He feels that the borrowed capital should not be a part of business and should not be considered under the taxation proposal. I would like him to be reminded whether there is any country in the world, whether it be the U.S.A. or the United Kingdom, where business can be run without borrowing. Are the banks a useless appendage, the main function of which is to borrow and lend and lend to businessmen and industrialists? Are they useless appendages to society? If that is not so he must consider capital, whether borrowed or subscribed, as capital. I know his difficulty. He would confront me with a position that in the past in the E.P.T. regulations this borrowed capital clause was much abused. I agree. That is correct. But the taxation proposals were made in such a fashion that it was neither the fault of the industrialist or business man. It was the fault of his department which did not devise the tax in the right way. I know of factories and industries, having 50 and 60 lakhs in current accounts which were not considered investments and which was borrowed capital. That is why if that abuse is to be stopped, there are ways and means to stop that. I would suggest him one, if he would care and that is, if you deduct from the borrowings, the investments and also the cash in hand of the bank, his problem would be solved. I being in business and industry I know and I can definitely say that the abuse can be stopped easily that way and there should be no abuse on account of capital computation. I would ask his financial pundits in his department, who are very clever people, to confront me after the suggestion whether still this clause of borrowing will be abused. It cannot be. I would ask him to consider these two points with a view to finding out whether the industrialisation of this country would be furthered or retarded. After the budget of Sir Archibald Rowlands some kind of confidence had come into the industrial field as a result of which in the postwar period there were various schemes floated, many new industries are coming about. I would desire that he considers his proposals in that spirit and I would wish that the present Finance Member goes down to history, as one who helped the industrialisation of this country in the postwar period so as to help raising the standard of living in this country.

Mr. Ananda Mohan Poddar (Bengal Mahajan Sabha · Indian Commerce)

First of all I offer my grateful thanks to you for the privilege you have kindly allowed me to speak from my seat. Sir, I must congratulate the Honourable Members of the Interim Government for the temporary agreement they have reached in respect of the two Bills. This is a good gesture and we can now hope that in the future there will be more agreements and they will work in a spirit of goodwill and co-operation for the welfare of the country as members of cabinet responsible to this House.

[Mr Ananda Mohan Poddar]

Sir, In respect of the proposals of the Finance Bil, I would first of all take the advantage of saying something about the unnecessary public expenditure. It has been a great surprise to me that while people of the country have been asked to pay more and more to the coffers of the Government on account of the sins of omission and commission of the Governments—past, present and future there should be no tangible attempts made or effective measures taken to curtail our unnecessary public expenditure. After all we must cut the coat according to the cloth.

Sir, There has been a Committee appointed to biggest ways and means of accomplishing economy in the vaguest and casual manner, and the curtailment of expenditure but what is more even that committee have been told not to touch the question in a serious way. They have been practically asked to touch the question of retrenchment in a gingerly manner. It is not possible to bring about any substantial retrenchment with such pussillanimous attempts and under such obscure circumstances. I would like to say that if the Honourable the Finance Member makes an honest and serious attempt he could certainly curtail the heavy unnecessary expenditure. But I want to impress on him that morally and legally he cannot make any demands for further taxation without making an honest attempt for proper curtailment of expenditures. This is absolutely necessary.

Sir, I would next touch on the question of subventions, which our Finance Member proposes to grant to the provinces and I would ask him to give careful consideration before he takes up the matter of distribution and immediately find out a definite policy, a definite policy in the allotment of all these subventions.

[At this stage Mr President vacated the Chair, which was then occupied by Mr Deputy President (Khan Mohammad Yamin Khan).]

Crores of rupees are to be allotted to Bengal and Sind and I as a rate-payer from Bengal certainly have a right to express my view point and ventilate the grievances of my constituents who contribute to the public exchequer of this Government. The Central Government is allotting considerable amount of funds for Bengal and Sind, but are they taking care that these funds are properly utilised?

Sir, Unfortunately all these months we see before our own eyes that communalism of rabid type is rampant in Bengal and Sind. My point is that the Central Government should not allocate any fund to Bengal and Sind without a definite policy on the part of the Central Government and knowing well how these funds are going to be utilised by the provincial governments concerned. It is an open secret that the provincial governments of these two provinces Bengal and Sind are unscrupulously determined to put down one community and encourage the other and to inflict serious handicaps on one community in all spheres of life—educational, social and industrial. When this is going on in every field of administration in Bengal and Sind must I raise my voice of protest against any allotment towards these provinces without enunciating a policy so that these funds are utilised for specific purposes of effecting real constructive prosperity of the people of Bengal and Sind.

Sir I would like to point out to the Honourable the Finance Member and other Honourable Members of this House that it was rather peculiar that the Finance Member every time in his speech was uttering the word sub-continent. He has been very careful in using the word 'sub-continent' and never has he used the word 'country' or 'India' in his speech. He has deliberately mentioned the word 'sub-continent' in his speeches and has cleverly tried to avoid the word 'India'. Sir, that would make one feel, try however much he might, that the Finance Member finds it rather difficult to view things in their broader perspectives and in the truly national interests of the country. I will be happy to know that I am in correct in my reading of the mind of the Honourable the Finance

Member but I would appeal to him to give up his bias and get over his inhibitions and deal with the country as a whole and not talk of "sub-continents." I do not want him to call India as mother India but I would certainly take exception to the word sub-continent, because we are not administered at present as a sub-continent but as a whole country, India. I would request him to consider every thing in the broader perspective of the whole of India without narrowing his outlook, under the garb of sub-continent. Sir, I would lastly appeal to him to get over his inhibitions and to take upon himself the sacred duties of the Finance Member of this country as a whole and try to do justice to all without any discrimination in favour of any part of the country or its people.

Mohammad Amir Ahmad (Lucknow and Fyzabad Divisions, Muhammadan Rural) [The Honourable Member spoke in Hindustani. For Hindustani text see Appendix to the Debates for the 26th March, 1947. English translation given below—*Ed. of D.*]

Sir, I had a mind to speak in English but for want of sufficient knowledge of that language and of the presence of so many learned men in the House I decided not to expose my weakness in English by speaking in that language. I will, therefore, speak in Urdu and my endeavours will be to speak in pure Lucknow Urdu so that everybody may understand but still it they do not understand it will not be my fault.

In connection with the budget strange stories are being circulated about in Delhi and strange squibs are being let off in India. Some say that the budget is socialistic, some say that he opposed it because it does not cherish socialistic ideals, some say that E. P. T. taxes have been brought back. In short, there is a babel of opinion current about it. If the budget does not cherish social ideals, if it does not promise help to the poor at the cost of the wealthy then why do the rich have heartache. Sometimes it happens that a clumsy player who does not know how to play resorts to cheating his opponent hoping to win by that way. The opposition to the budget is just like this. Since it is difficult to deliver a frontal attack, efforts are being made to attack it from sides. These well-wishers of the Government were in the habit of opposing the previous Government, but soon their habits changed and now they are accustomed to support the Government. They have reduced the tax from 25 per cent to 16½ per cent and abatement to 6 per cent and yet this bitter pill cannot be swallowed by them. The reason is that a certain community considers money a great power and the individuals representing the various sections of that community in this House are of the same view and desire to multiply it. Their desire for money has increased to the point that they would give their lives but they would not part with their money. There is a proverb in Persian—

Gur jam talbi muzaiqa neest

Zar mi talbi suhan dar cunja ast

(If life is required I have no objection. But if you want money, there comes the question!)

There is a proverb in Hindi—

Chamri jai to jai magar damri na jai.

(Skin us if you please but don't ask for a farthing.)

The representatives in this House who claim to represent those indigent people, those hungry human skeletons should feel ashamed that although they boast of representing them in this House to the outside world they show no sympathy for them inside it—nay rather they betray them here.

Diwan Chaman Lal (West Punjab, Non-Muhammadan). Sir, on a point of order I would like to know whether the use of that particular expression which the Honourable Member has used is parliamentary? You are fully aware of the fact that to cry 'Shame' on the floor of the House is not parliamentary or to charge anybody with dishonesty or with treacherous conduct is not parliamentary. Practically I have noticed that my Honourable friend the Raja belongs to that very indigent class about which he is talking.

Mr Deputy President: It is not parliamentary to attack or say anything against any member or make reflections on their honesty or integrity.

Muhammad Amir Ahmed. Sir, if I have used some improper words in my speech, I may be forgiven because I am not so experienced as other members in the House are and I may be allowed to withdraw them. I never meant to censure anybody. I meant that if we have come here to represent those poor people we should render them their dues. I ask what have we done to raise our voice against capitalism and zamindari? We should try our level best to end both these evils. They (Zamindari and Capitalism) do not let a nation flourish. Then, there is the slavish mentality which keeps these evils going. In short, we should end these evils the sooner the better.

All the speakers have said that the taxes levied in the budget were not according to the principles of taxation. Is it essential for the Government that it should do nothing that has not been done before? Should we continue to be slaves to old customs? The need of the time is that whatever new economic order is formed it should be formed keeping in view the special conditions of India.

To be brief I am sad to see these conditions. It is also said that the budget does no good to the poor. So far as the good of the poor is concerned it will be a God-send if the bill is passed after due amendments. Had this Bill been a real boon and this budget a socialist budget I wonder how great would have been the opposition against it. Had this Bill been a social law there would have been a hundred—nay a thousand times more confusion outside the House than there is now.

I offer congratulations to our sincere worker, the Honourable the Finance Member by whose efforts the old methods have been discarded and the Finance Bill has been framed on new principles. This is the beginning of the social order and when so much noise has been raised in the beginning I wonder what opposition will be offered when social order is actually established in India. If this state is to continue no new thing will be brought to India. If ever a new thing is brought it will not be the order of the British nor the order of America but the social order of Russia—an order in which every person will be allowed to educate himself or herself and learn the ways of earning his or her living. I am not against personal property I am for it to the limit one can control it. I am not for religion because I am a Moslem and I believe that no religion in the world possesses such law as Islam possesses which equally distribute the wealth in the world. Make as many laws as you please, let your offices issue as many orders as they desire, it will be in vain. Your laws have force outside the four walls of the house. There must therefore be some moral training which may prevent people inside the house from committing crimes. May he be a Hindu or a Moslem, a Sikh or a Christian the guide to goodness inside the house can be religion alone and nothing else. You may call it moral principles in which they have been framed. The laws of the Government go only up to the four walls of the house, they cannot enter in it. The need is, therefore, that while making all these bills and arrangements we must make a scheme through the Education Department for the training of the present generation and the generations to come, a scheme which may serve as a beacon of light leading them to a life of refinement. If this is not done even your best laws, your peerless speeches and your unique proposals will all be in vain. If they were not broken openly, as we have often seen some disliked laws broken they will be privately contravened. I, therefore, suggest that some sort of moral training should be given. This country is on the threshold of independence which has been promised. Our freedom is going to be bestowed upon us (which we could not take with our own efforts). Before June 1948, therefore, a number of affairs must be so arranged that if the country is not yet prepared to take the freedom and government it should at least show that it has started to walk on the path to progress. It is a pity that in India schools especially moral training schools

are not enough for the need. The immediate work that should be done is the reform of already existing schools. Unless this is done we cannot solve our problems. Pass any number of laws as long as reform does not start with the education of the youth, as long as Indians do not believe in the oneness of God, as long as they do not believe that He is ever present everywhere and looks to us wherever we may be, and we do not live peacefully inside our own houses, with our neighbours and with every human being and do not help each other all our laws all our money will be useless.

The expenditure of the Defence Department is excessive, it should be reduced. If you desire to keep the standing Army permanently and if you want to arm India, it will not do to arm a few people. Nay, give military training to each and every one and when required call up from the trained people as many as you need. Unless this proposal is passed with a new vision and a new view-point the future of India will remain dark even after the independence. Freedom of conscience is needed more than the freedom of the country. Unless, therefore, the freedom of conscience is not realized we can do nothing and our fate will remain undecided.

Rai Bahadur Devendra Mohan Bhattacharyya (Nominated Non-Official).—Sir, permit me to say at the very outset that with the introduction of the National Government at the Centre we thought that a new era of happier and healthier living would be introduced in the country. But to be frank Sir, we have been sadly disappointed and we do not expect to have anything of the kind in near future in view of the circumstances prevailing at the moment.

Sir, the old story of bribery and corruption, the sad tale of scarcity of food-grains and the non-availability of cloth and other essential necessities of life are still pouring in from all parts of the country. Black marketeers and profiteers are still riding strong in the land we live in.

To quote one instance, Sir, I may be permitted to say that I had been to Calcutta in January last to purchase one Austin car. I was told by the Austin Distributors Ltd. that all Austin cars due to arrive in Calcutta up to the end of 1948 had already been booked. I was then coming out of the show room when a youngman came to me and told me that he could supply me with one Austin car if I agreed to pay one thousand Rupees more than the scheduled price. Even in Delhi Sir, the capital city of British India, black marketeers are selling rice at Re. 1 per seer and sugar at Rs. 2 per seer and one can get as much as he likes provided he agrees to pay the enhanced rates.

Sir, we the people of Bengal have suffered terribly in 1943 from famine of foodgrains and we are now suffering terribly from the famine of cloth. The quota fixed for each person in Bengal is not given in time and the result has been that the people have to go without cloth for some months of the year. I think Sir, this is due to corruption in the distribution machinery set up by the Government and this has probably given rise to black marketeers who are flourishing so well in our country. The present system of food rationing and cloth rationing are simply scandalous and are responsible for nepotism and corruption that have crept into the administration. In times of shortage, Sir, control is good but I would humbly submit that there is no justification for controls if the Government cannot manage the controls properly and to the satisfaction of those for whom the controls are meant.

Sir, it is the primary duty of the Government to provide its people with food and cloth and we are being told for some years past that India is not self-sufficient so far as her food and cloth supply is concerned. In spite of that the present budget which has been framed by the people's representatives has not disclosed any definite proposal for the early solution of food and cloth problems. Not a word has been said in the Budget speech as to how to make the "Grow More

[Rai Bahadur Devendra Mohan Bhattacharyya]
Food Campaign" more successful or how to produce more cloth from cotton mills

The Honourable the Finance Member has expressed his great anxiety to do as much for the poor as possible and in his budget speech he has been pleased to admit that the cost of living has to be reduced if the lot of the common man is to be improved. But, Sir, I find nothing in the financial proposals which may really lead to the improvement of the common man's lot. The abolition of the salt duty has given some relief to the common man no doubt; but that is a very small relief and there are some other articles which should be equally tax-free. Tobacco and betelnuts are innocent luxuries of the common man in times of leisure and they are still being taxed as in previous years.

If the Honourable the Finance Member wants to give some real relief to the common man I would request him to do away with taxes on tobacco, betelnuts and matches which are daily necessities of the common man in the country.

Sir, if the Honourable the Finance Member is really anxious for the common man, I would most earnestly suggest that provision should also be made for opening Government subsidised shops in every village or one in a group of villages for supplying cloth and foodgrains at cheaper rates to the common man having an income below a certain level.

Sir, I may submit further that some relief, although small, has been provided in the budget for the poor but no relief worth the name has been provided for the middle class people. The hardships and privations of the middle class people have not at all been taken into consideration. The minimum taxable income has been slightly increased but that is not sufficient relief to a middle class man in these days of costly living. The cost of education of children is a very heavy item of expenditure in a middle class family. It will therefore be very fair and just if the minimum taxable annual income be raised to Rs. 3,000 and necessary deductions are allowed towards maintenance of wife and children as is done in the United Kingdom and other civilised countries of the world. Sir, lands, forests and houses in rural areas were requisitioned by the Government during war for war purposes and the people did not object to it, as all works relating to war should have first priority. At the time of requisition the people were assured that compensation would be paid at rates which would satisfy all concerned but you will be sorry to hear, Sir that attempts are now being made to pay as little as possible. I know one landlord in Bengal whose forests measuring about 300 acres were requisitioned for construction of air fields. Trees were cut down and uprooted, thus making the growth of forest in future impossible. The Land Acquisition Officer at the time prepared the schedule of compensation to be paid to him and he came to know that his compensation money would be about three lakhs of rupees. The war having been over the gentleman was informed by a new Land Acquisition Officer that his total compensation money would come up to about a lakh and quarter only, but very recently he has been informed by the same Land Acquisition Officer that the Lands Hiving and Disposals officers of Calcutta have reduced his compensation to about Rs. 38,000 only. This difference in rates for payment of compensation money cannot be justified on any ground. This is probably due to the fact that the officers of the Lands, Hiving and Disposals service are thoroughly unacquainted with the land tenures in India or with the Indian system of land valuation. I therefore suggest to the Honourable the Finance Member that Indian officers having knowledge of the system of land tenure prevailing in India should be taken in Lands Hiving and Disposals service so that full justice is meted out to those rural people whose lands, forests or houses had been requisitioned for war purposes.

Sir, I would like to bring one thing more to your notice from my experience in Bengal. The Provincial Government of Bengal has initiated the Agricultural Income Tax on income derived from forests and the Indian Income Tax Depart-

ment has recently discovered that the income from forests is liable to taxation under the Indian Income Tax Act and the result is that this income is being subjected to double taxation once by the Provincial Governments of Bengal and again by the Central Government.

I may submit, Sir, that if forests are subjected to high rates of taxation of the Indian Income Tax Department, it would spell disaster for their future growth leading to their ultimate extinction and this will surely affect our country's rainfall and will be a contributing factor in causing drought and thereby loss of agricultural produce. If the Government of the land feels keen on the preservation of forests in the general well being of the country, I think it should come to the rescue of forest owners by treating income derived from forests as purely agricultural and not to make this income liable to taxation under the Indian Income Tax Act.

Sir, I would refer to one thing more and then I will finish. There are many rich people in the country, owners of both earned and unearned incomes, who are very generous and who make large donations from time to time which lead to the growth and foundation of many useful institutions in this country. To bring relief to this section of taxpayers may I request the Honourable the Finance Member to see if he can find his way to place the amount of income donated for *bona fide* charitable purpose beyond the purview of the Indian Income Tax Act. I believe, Sir, this concession, if agreed to will encourage the richer people of the country to donate more in future for institutions which depend largely on public charity. With these words, Sir, I support the Finance Bill.

Mr. Krishna Chandra Sharma (Meerut Division Non-Muhammadan Rural). Sir, the general principles and the social policy underlying the budget are eminently sound. There is no more static equilibrium of debit and credit of expenditure and revenue. It smacks of that economic dynamism of social purposes which is the need of the day. It constitutes a striking departure both in objectives and methods from the traditional objectives and methods of the earlier Governments. It is not based on merely financial considerations. It is rightly called a budget for the common man. The additions made to and the deductions effected from the existing taxes go a great deal to prove the fact that the authors have attempted to aim at a truly national budget. The misfortune of this great land had been that the bureaucrats who used to make the budget had little knowledge and still less sympathy for the under-dog. The common man was, therefore, ignored by the men in authority and exploited by the big business and capitalist. It was often said that the Finance Member used to be in the pocket of the Bombay millionaires. He dared not touch them and therefore could do little for the poor. The present budget reveals a different story.

چوہدری سری چند :—جناب صدر مہری یہ گزارش ہے کہ مسٹر شرما اگر چند منٹ تک نہ بولنا چاہیں تو اُن کا باقی ٹائم مجھ بولنے کے لئے دیدیا جائے۔

Chaudhri Sri Chand (Nominated Non-Official). Sir, if Mr. Sharma does not intend to speak for fifteen minutes, what remain of his time may be given to me.

Mr. Deputy President: This is not a point of order. The time taken by Mr. Sharma will be deducted from the time of the Congress Party. He is speaking on behalf of the Congress Party.

Mr. Krishna Chandra Sharma: The wealth in our country has consolidated in a fewer and fewer hands. In recent years people have grown rich overnight. The disparity between the rich and the poor was never so great as it exists today. This in itself is bad enough, but the recent development in the social values in India is threatening. The few who have grown wealthy at the cost of people want to acquire and monopolies the power political or economic and put it to the anti-social use. In the feudal times the much hated few could rule but

[Mr. Krishna Chandra Sharma] Those few possessed the masculine virtues of character and courage, dare and dash, a sense of honour and destiny. The man was willing to sacrifice, willing to lead and had the capacity to lead and the people used to share in his victory and glory. But here is a modern substitute in these democratic times of the modern age who exploits labour, cheats people, amasses wealth, controls the resources and poisons the popular mind. He not only controls the body as was the case in the feudal times but he poisons the very spring of life, that is the mind. He will control the press, the newspapers and the broadcasts, which would, by a subtle process, ensure him the rule over the people. This is the phenomenon in India which anybody who has commonsense enough to have a peep in the future, cannot look at with equanimity. It is against this method that we must put up a fight. It is not because, as my Honourable friend the Baronet from Bombay said the other day, the Finance Member was envious of the rich or vindictive but because the rich is going to play his part in anti-social activities. It has given power in the hands of those who judging from any viewpoint are not deserving of wielding that power. It is the curse of the modern age that money can buy anything and the money can do anything. It is in this background that Bernard Shaw has described it in the following terms:

"The conflict is not between **olity and democracy**. It is between both and plutocracy which having destroyed the royal power by Frank force under democratic pretexs, has bought and swallowed democracy. Money talks, money prints, money broadcasts, money reigns and kings and labour leaders like have to register its decree and even by a staggering paradox to finance its enterprises and guarantee its profits. Ministers who are socialists to the back bone are as helpless in the grips of Breakages Ltd., as its acknowledged henchmen from the moment when they attain to what is with an intentional irony called power (meaning the drudgery of carrying on for the plutocrats) they no longer dare even talk of nationalizing any industry however, socially vital, that has a farthing of profit for plutocracy still left in it or that can be made to yield a farthing for it by subsidies."

This is bad enough. The contrast between the vast multitudes who eke out some sort of miserable existence and the moderately rich few has grown to such a striking extent that it has become intolerable.

So it is gratifying to know that the Finance Member has promised to bring down the inflationary tendencies and to ensure and maintain employment and this has found a sympathetic echo in the heart of every well-meaning man and woman. There are proposals which benefit the poor and tax the rich. The salt tax has been done away with. Though it does not give much material relief to the common man it has its psychological value. It is the first tangible symbol of our political status. It will go a long way to assure the common man that the Government thinks in terms of his sentiments. This step of Government may go a long way to meet the cherished desire of the common man though not financially at least sentimentally. It might not be a sound financial proposition to abolish the salt tax. But this abolition has its own value and it will go a long way to create confidence in people's minds.

Then Su the raising of the taxable limit of incomes from Rs. 2,000 to Rs. 2,500 will give relief to hundreds of middle class families. Then the common man also benefits from the subsidies given for food and grants for housing schemes and also from contribution to provinces. Now Su money has been found by taxing the rich and the higher classes. The super-tax starts earlier. The business tax 16½ per cent. has been introduced and then there is capital gains tax. Then there is the export duty on tea which will fall on the consumer but it is not likely to affect the common man so much. There is so much controversy about Business Profits Tax. It has been said that the Business Profits Tax is a vindictive measure and it owes its origin to the envy and jealousy of the rich rather than to any sympathy for the poor. There is a great misunderstanding about the capital. Riches do not come down from Heaven they have to be produced by human labour. If A has got riches it is through human endeavour, or if B has amassed wealth it is at the cost of people. It is said, if profit

motive is not allowed to play its full part in an industry then that industry would perish and it would not thrive. I submit that capital in the modern sense is a dynamic force. It cannot remain idle. It will not do to cry for profits and profit motives too much. In a country like India you cannot have now much profit. Examine the budget of an agriculturist or a labourer. Take the case of grass cutter woman. She goes five or six miles away from Delhi into the jungle, she cuts grass and brings and sells it in the city. The conveyance charges are much more than human labour wages and yet poor woman has to sell the grass and make a living. It always happens that she is left with a deficit. Take the case of any agriculturist family, father, wife and five or six children. They all work hard. But if you examine their budget, it will always be in deficit. Everywhere in India all are working on a deficit budget basis and they must necessarily have a profit motive or a profit incentive for industry. It means that they do not understand the function of capital in modern conditions of society. Capital cannot remain idle. It must move. It is a dynamic force. You cannot remain idle in your house keeping stores of money buried underground. This is an impossible state of affairs. In case there is money in your pocket it ought not to be allowed to remain idle. You must take out that money and make it yield more goods. You cannot simply keep it buried underground. Then as regards expansion of industries, what is it they have done? No doubt they have given some employment. But it is all slave labour. What is the condition of labour in industries now? They have not taken any steps to improve the condition of labour. In what way the industrialist has improved the quality of the product? A lot of literature has been supplied to the members of the legislature on this subject of production. One great argument against over-taxation of industry is that there would be little money for charities. It is a man ignoring the function of a modern State. You have your own Government administering the country. It is not a foreign government. It is your own people government in power. Cannot you give money to this government and at least see how things are managed by an Indian Finance Member, or an Indian Education Member? You need not open schools in your own way and allow undrilled teachers to run the school. You cannot be allowed to do bad jobs in bad ways. The industry must pay a part of profit to the state and the latter must serve the people in a right way. It is not open to anybody to have his own ways of doing things in this modern world. You must place the money in the hands of the State which is of course manned by your own representatives but at the same time you can force the State to do things in the right way for the people.

Before I sit down I wish to say one word about this capital tax. I am very doubtful about its effect. This has been taken from American pattern. It has created a lot of difficulties in that country. In France it has been restricted to taxation upon securities, in Germany it is confined only to speculative transactions. The great authority on taxation, Prof. Seligman taking all aspects into consideration advises Government to do without this. I am doubtful about its efficacy. I doubt whether it would be helpful to achieve the object for which it has been introduced. With these words, I resume my seat.

Mr. P. K. Saive (Nagpur Division Non-Muhammadan) Sir, I have read and studied this budget with some concern. I am not satisfied with the budget. I consider it a half-hearted measure. They are telling us this is a poor man's budget the common man's budget without knowing who that common man is, without knowing who that poor man is without knowing what are the measures necessary to bring about a change in the conditions of that poor man, of that common man. I submit, Sir that it is necessary for us to examine whether in this budget we have been able to design or provide anything for improving the condition and standard of living of these people. The picture before me of a poor man or a common man—it may not be a scientific picture—is a man who has a family. The unmarried man does not find a place in this picture because

Mr P. K. Salve]

he does not need much. But let us take a married man with half a dozen children, that man has got to look after then food, their clothing and then education, and if there is any surplus income left he has to give them some sort of fine-art education like music and dancing. If that man has not got money to provide even for his house-rent, or after paying the house rent has nothing left for their food or their education, that is the poor man whose case has to be considered. Have we considered his case at all? I find that in this budget there is no provision for these wants and deficiencies that we find among this class of people. One hundred and fifty years of British rule have granted to us 90 per cent of illiteracy as against 20 per cent in Japan, 40 per cent in the Philippines, and only the other day the representative who came from Kazakhstan said that while in 1918 there was 98 per cent of illiteracy in Russia, today after only a quarter of a century there is no illiteracy at all and every one is literate. This state of things has to be taken along with another factor. The British Government have granted to us a life-span of 26 years, as against 60 years in England and 68 years in the United States. It has also granted to us an annual income of Rs. 48, while in Japan it is three times that sum, in England it is ten times that sum and in the United States it is 23 times that sum. The national expenditure on education here is 10 annas *per capita*, in England it is Rs. 20 and in the United States it is about Rs. 60. The question now is how the new future Government of India is going to act and how soon. Are we going to be in the same condition in which we were kept by the British Government or are we looking for new things? Are we expecting changes that will change the life of the poor people of this country? I am afraid Sir, that we have not sufficiently granted the money necessary for meeting all these things. I do not hold a brief for the industrialists. What I do say is that this is a half-hearted measure in this sense that the Honourable Finance Member should have taken courage in both hands and collected three or four thousand crores from the people of India in order to bring about all these changes. We have been expecting these changes. You may say that the poor man should wait, you may as well ask the harvest to wait and the monsoon to wait. How long is he going to wait? But in order to get that money you have got to inspire confidence in the people. At present that confidence is wanting. The capitalist is shouting in anger against this budget, the poor man is not at all pleased with this budget because he says it is not going to give him the ordinary luxuries or the ordinary necessities of life. They are both dissatisfied, and so the Interim Government has to inspire confidence among the people, and that confidence has not been inspired as yet. We understand that it works in blocs and conflicting blocs, and therefore the country as a whole is looking on them with suspicion. How are things going to shape? Is India going to become new or is it going to be shattered to pieces by our communal troubles and disturbances? I would request the Interim Government to take the wealthy people into confidence. I am one of those who hold that the wealthy people hold their money in trust for the people of India, for the poor of India and they have no business to keep such large balances in their banks. I am surprised that in this House several people who have large properties and large bank balances become socialists overnight and speak for the poor man not knowing what they are saying. As a matter of fact it has become the fashion these days to speak of the poor man. A man who has lived in luxury, a man who has been a Raja or a Nawab, a man who has held titles, a man who has had plenty of property, a man who runs a Rolls-Royce, gets up and says he is for the poor man. That sort of hypocrisy will not do. Let us be honest to ourselves and let us be honest to the country; let us do what we really say. Example is better than precept. I would say that although a Quranic injunction has been cited by the Finance Member, I can cite my own Scripture the Bible which says "Take no heed for the morrow, care not for the morrow what ye shall eat or what ye shall drink or what raiment ye shall put on." That is the injunction; the injunction is, no bank balances, no properties kept on for years

together within your control to the detriment of other people. So far as these Shastric injunctions, therefore, are concerned, so far as the Quran Sharif or the Bible is concerned, the injunctions are really very useful and beneficial, but who follows them? They are more observed in the breach than in compliance. Therefore I would say that the necessity today is to make India a new India and the sooner you make it the better. I would give a warning to the members of the Interim Government that they had better look sharp in this matter. Things are getting out of hand and they must see that India changes and becomes new. Let us not get into the old rut. I can say many things about retrenchment and many things as to how money can be saved. But that is not the point, the point is that if there were a deficit budget I would not mind it. Let it be a deficit of three thousand or five thousand crores, I would not mind in the least. But what I say is that you should take all the money that you need in order to minimise the disparity between the wealthy and the poverty-stricken. If you try to remove this disparity only by a few inches or by a few feet when the disparity is miles and miles between them that is not going to help. Therefore I say you should inspire confidence in the people by your behaviour and by your leadership, by your preaching and your propaganda. There has been plenty of hatred preached and plenty of hateful propaganda in the country. So many people are losing their lives and so much property is being destroyed. I would therefore humbly suggest that this Interim Government should come together and apply then concerted action. Let them not split up on small matters, let them not think of dividing the country into two parts, let there be one United India and let them have a long term plan and get all the wealthy people to surrender their money—ill gotten or otherwise. Let them give that money to the State, and I am sure that with that money we shall be able to do much better than this Budget.

Chaudhri Sri Chand: [The Honourable Member spoke in Hindustani. For Hindustani text see Appendix to the Debates for the 26th March, 1947. English translation given below—*Ed. of D*]

Sir, Many members have congratulated Mr Liaquat Ali Khan on the compromise regarding the Finance Bill. The day the Bill was introduced I was afraid and believed that it would never be passed in the form in which it has been presented inasmuch as I knew that this was an assembly of *Nawabs*, the House of *Amirs*, it could not pass any Bill which was in favour of the poor and against the rich. Within the next few days it was heard that the crisis had come and that the Bill would be discussed. Those people by threats or by entreaties, by hook or by crook got the Bill in the shape they wanted. I said at the time of the general discussion that the bill was conspicuous in proposing no new tax for the poor. If you do everything for the rich, if you spend money for the wealthy, at least do this favour to the poor that you do not burden them with taxes. I requested Mr Liaquat Ali Khan to abolish the tax on tobacco as it was a tax on the poor. Cultivators already pay *lagan*, *abiana* which is charged even when water is taken from one's own well. It is, therefore, not legal to levy tax on the cultivators for tobacco. A hue and cry was raised on the Bill in favour of the rich. A sub-committee was set up to discuss the point but the sub-committee did not discuss tax on tobacco because it concerned the poor and had no interest for them. Thirty crores of rupees was reduced to 12 crores and 25 per cent was reduced to 16½ per cent but the tax on tobacco remained untouched. I once more appeal to the Finance Member that as it was a tax on the poor nobody recommended for its abolition to him. The representatives here although they are representatives of the poor but they are not poor, there are representatives of the labourers but they are not labourers themselves, there are representatives of the agriculturists but they are not agriculturists; they therefore cannot remember the people whom they represent nor do they want to bring all the grievances of the poor to the notice of the House.

[Chaudhri Sri Chand]

There is a scheme to acquire cultivable lands of 14 villages in the neighbourhood of Delhi and construct an Agricultural College there. The residents of those villages submitted a petition before the Honourable the Food Member and tried to wait upon him several times but most probably the Honourable Member was very busy and could not see them. I asked a question in this connection on the 21st March and received a reply stating that there was a scheme that 8,000 acres of land will be acquired on the Rohtak Road for the proposed Agricultural College. I suggested that on the road to Ambala there is a village by name Alipore. The Government owns a plot of 80 acres there. Adjacent to these 80 acres there are two or three villages belonging to one or two other persons. If the land of the one or of both the persons be acquired it will be enough for the purpose. If that was impracticable, the land on the Muttra Road left over from the lands of 125 or 127 villages which were taken over in 1912 for building New Delhi could be utilised. The reply to this suggestion was given by the Government saying that as there were only 80 acres of Government land on Alipore Road, it was not sufficient for the purpose. I had pointed out that there were many thousands of acres of land owned only by two persons who were residents of Rohtak district. They own entire villages. If that land was acquired it would serve the purpose. But, those persons are rich, they are *raises* and the Government do not consider it proper to acquire their land, that is why the Government do not condescend to give a reply to my above suggestion. Regarding the land on Muttra Road the reply was that New Delhi was extending and there is no better site for this extension except the Muttra road side. I wonder newspapers plead the cause of the poor, speak fight from the platforms for the poor and here, too, nothing else but the ear of the poor is discussed and yet they are very anxious to extend New Delhi. I am informed that Government is giving land to 50 persons where 50 bungalows will be erected and every bungalow will have an area of 10 acres. It is on this site that the huts of the poor are being removed. They are destroying them to make room for the bungalows of the rich. They are reserving Muttra road land for the houses of the rich. I draw your attention to the fact that you destroyed once 127 villages and then 4 villages for the site of Pusa College. If you search even one family out of those many families that lived there you will not succeed. The reason is that when a cultivator has no land nobody contracts relationship with him. A farmer without land cannot have relations with landed farmers.

You have already destroyed once 127 villages and then 4 villages but allow me to inform you that this time it will not be an easy task for the Government. Government had started a new plan. They are trying to purchase the lands adjacent to the land they have already purchased. It seems that the wealthy have imbibed the idea of making the poor rich in this way. But I can tell you that now the villagers have grown to be so self-respecting that they will never accept such riches. We did mention this dispute up to the present time because there were other matters before us. These people sitting on their easy chairs in the offices without any thought or discomfort determine the destiny of 19 villages. To them the removal of 19 or 15 villages is just like snapping the fingers. They don't understand that to what great trouble and inconvenience the people who have been asked to vacate their homes have been driven. They don't feel that they have been asked to vacate homes where their ancestors lived. I say it is better that there should be no college rather than to seize their lands. We don't want such a college. It has been said on behalf of the Government that the owners of the lands will be profited. They will suffer no loss. We do not want to be rich. We are happy in our huts rather than reaping large profits by getting our shares from the Government. There the officers drawing 4 to 5 thousand rupees will reside. We well know of our status as their neighbours. I therefore, request with all the emphasis at my command that this land may not be acquired. I inform you that if this land was acquired every villager has vowed that he would rather die than vacate his land.

I have another matter to place before you. Lengthy discussions have been held here to do away with the distinction between martial and non-martial races. There are numerous people who were in the Army in ranks which did not carry much pay. Now a number of high ranks is going to fall vacant. The rich have their greedy eyes on them. They want to sit on our heads by occupying the places to be vacated by the outgoing British officers. It is an appeal and my proposal to you that these ranks should be given to the persons from communities according to the proportion of sepoys of the respective communities in the forces. If persons from the non-martial races who recruit as sepoys were given high officers' rank, the martial races will never tolerate it. The Government wants to recruit in place of the British officers rich people whose ancestors have never seen the war. I don't say that there are no brave persons in them. I cannot become a good shopkeeper or a good accountant because they are not my professions nor were the professions of my elders, but I do assert that a *bania* can never be a brave man. Can you become brave by learning by heart a few pieces from the English or by passing B. A. and M. A. from the college. Only those can be brave who have done acts of bravery. My friends and my relations tell me that during the war some people were so coward as to go to the hospital and pretend illness and then slunk away home leaving the rest of the unit in the heat of the battle. The martial races will never tolerate the removal of the distinction between the martial and the non-martial races merely to recruit officers from the latter. Officers' ranks should be given to those of the people who are veterans of war and not to those who have read a few Shakespearean dramas in the college.

Sir, is it just that the people whose ancestors and whose families have always been fighting wars be deprived of officers' ranks merely because they have not passed the M. A. ? Prizes are given to the sepoys but the officers' posts will be given to the rich. I assert that Martial Races will never suffer if that they should serve as sepoys and the officers should be recruited from the non-martial races.

Another complaint that I want to place before you is that all the offices in Delhi are filled up with townspeople. Out of about 50,000 of them not more than 50 individuals are villagers. The townspeople are so crowding the offices that they don't allow the villagers to come near them. I appeal to you that when our population is about 80 per cent who should at last be given 50 per cent of the posts. It is not partiality in favour of the villagers. Whenever a villager comes to an office he is not allowed to get in it. If he goes with an application to interview some officer he is told that there is no vacancy in the office.

The greatest complaint that I have against the Radio Department. This Department in order to make fun of the villagers have engaged townspeople. They make villagers' programmes with the purpose of making fun of the villagers. There is nothing in them for the villagers. The songs have been stopped as a result of the decision by the villagers. To make programmes for villagers, people from the village, should be employed and not the people who act as villagers. For village songs, villagers should be called. The villagers' programme in radio is meant to make fun of the villagers. It is better that it should be stopped. If you want to draw out a programme for the villagers, make it after consulting them as to what they want to be broadcast and what not. Thus, sitting in the Radio jokes are hurled upon the villagers and songs which are said to be of villagers show nothing but the stupidity of the villagers. It is therefore my request that if you want to make a programme for the villagers consult them and then make it.

Mr. Ali Asghar Khan (Assam) (Muhammedan). I call it a Historic budget because it is prepared for the first time by an Indian Finance Member. The tax is raised as well as the tea duty. It will bring income to the Government. On the other hand he has lifted the salt duty. This is in consideration for the poorer

[Mr. Ali Asghar Khan]

class of people. But there are many other taxes which affect the poor directly, such as tobacco, betelnut, and kerosene. If these taxes are reduced it will help the poor more. Only then can the poor be interested in it. Taxes are essential in a modern country where expenses are great and expenditure is high. Income from such taxes should be utilised for opening roads, opening new industries, etc., in the country, and also for the improvement of the standard of living. But we find that there is a top-heavy administration. The Honourable the Finance Member should reduce also the fat pay of the ministerial staff and ministers.

Another point is that all people should have a right under a good Government to live prosperously and be happy. Taxation should be moderate and in that way the business will also increase the income of the Government. Government is the guardian of the people, and should be liberal and look to the interests of every section equally. When I say, Sir, that the Government should be liberal, I mean that industrialists and capitalists also should be liberal. Nobody should try to take all that they earn and it should be distributed among the labourers and among the rest of the public. What our leaders should do is to leave party politics and direct their energies to the betterment of society which alone can make the country happy and great. The Honourable the Finance Member has no doubt done right to increase taxation but it should be moderate, so as to allow industrial improvements in the country, because without industrialisation a country cannot become great. At the same time he should give relief to the cultivators and the poorer sections of society. If Government encourage industry and business, then there will be more industries and by that the lower scales of taxation can have sufficient income to the Government. It is not right that taxation should be directed to any particular section of the people. Let not our country become like the Fascist or Communist countries. Our taxation should be moderate. On the other hand I find that they are leaning towards communist countries in their policies. In regard to taxation I would advise them to go slowly and moderately. Government should always bear in mind that if they make the people rich they will prove an asset to the country. If Government want to take all by taxation, then why not give the industrialist or any other section of society a certain portion of their profit, say 12 to 25 per cent excluding expenditure on their capital and take all the rest?

I find that the Honourable Finance Member has not said anything about the betterment of the people of the country. He has not mentioned what he intends to do towards the improvement of hospitals, roads, agriculture, etc. The condition of our cattle is very bad. There are so many deaths every year due to TB but nothing has been done to fight this disease. Among the people dangerous disease like leprosy are spreading gradually in the country and attempts should be made to stamp out this dangerous disease. But Government and the leaders seem to have no time for all this; they are too busy fighting among themselves. I saw in the papers and also heard in the lobby that there has been a split among the Cabinet members. At the time of the previous Government many of the supporters of the present Government were stalwart champions of the poor as against the capitalist. At this moment when there is taxation on the capitalist I am surprised to find those same people backing out from supporting the Finance Member and their attitude is contrary to what it had been before.

As soon as the Honourable Pandit Nehru sat in his *gaddi* he made a statement to abolish the *samindari* system. Perhaps he did it to show that they are doing so much for the people of the country, that they were trying to help the cultivators by abolishing the *samindari* system. As soon as he shouted here all the provinces echoed "It will be abolished as soon as possible." I do not know what is their reason for directing their attention against certain communities. All *samindars* are not bad. A good *samindar* is better than those who claim to work for the people. He has a closer touch with the people than others.

As regards the tea duty, Assam produces at least one third of all Indian tea and since the duty has been raised to four annas, the Government of India will get several crores of rupees. Tea and petroleum are the main industries of Assam. But out of both these duties Assam is not getting anything, whereas Bengal is getting half of their jute duty. I hope the Finance Member will do something in this matter, because Assam is a backward province and requires central assistance to improve her condition.

Another point I would like to mention. I heard that the Muslim League has passed a resolution and sent it to Mr Liaquat Ali Khan and Pandit Nehru requesting them to go to Assam to reach a compromise as regards the Line system. I do not know that they have received the resolution. Personally I think it would be much better that they both go there and settle the matter amicably, because if they go there the matter can be settled instead of having more killings in that place.

I agree with my friend Mr Nauman regarding compulsory insurance for losses sustained in communal riots. As this is assuming a large proportion, it is necessary that the Central Government should come forward and meet the loss or damages sustained by aggrieved persons.

Sir, with these words I support the Finance Bill.

The Assembly then adjourned till Eleven of the Clock on Thursday, the 27th March, 1947.

LEGISLATIVE ASSEMBLY DEBATES

THURSDAY, 27th MARCH, 1947

Vol. IV—No. 3

OFFICIAL REPORT



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LEGISLATIVE ASSEMBLY

Thursday, 27th March, 1947

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. President (The Honourable Mr. G. V. Mavalankar) in the Chair.

STARRED QUESTIONS AND ANSWERS†

DELAY IN GRANT OF PASSPORTS TO FOREIGN COUNTRIES

1228. *Mr. Ahmed E. H. Jaffer: (a) Will the Honourable Member for External Affairs please state whether Government are aware that persons desirous of visiting foreign countries like Switzerland, Belgium, Holland, Spain, Denmark, Norway, Russia, Persia, Afghanistan, Iraq and Egypt cannot get their passports easily?

(b) Are Government aware that the passport officer wants visas from the Consuls of the respective countries?

(c) What is the necessity for this procedure and how long will this continue?

(d) What steps do Government propose to take to see that passports are given without delay?

The Honourable Pandit Jawaharlal Nehru: (a) As far as the Government of India are aware passports for travel to the countries named can be obtained without any great difficulty, although in certain instances applications have to be referred by the local passport issuing authorities to the Government of India which involves some delay.

(b) It is not correct that passport issuing authorities require applicants to produce visas before issuing passports, a visa can be applied for only after a passport has been obtained. The grant of visas is the function of representatives of foreign governments, who lay down their own rules in this regard.

(c) Passports have been found useful as evidence of nationality while visas are generally required on grounds of security. An International Conference is about to be held under the auspices of the United Nations Organisation at which India will be represented to consider the whole subject of passports and frontier formalities with a view to securing a general liberalisation of the rules.

(d) Government are anxious to avoid delay and inconvenience but to some extent this depends on other countries and on the general rules governing the issue of passports etc. which will be considered at the International Conference.

APPLICATION TO TARIFF BOARD FOR PROTECTION

1229. *Mr. Ahmed E. H. Jaffer: Will the Hon. Member be pleased to state

(a) the number of applications made to the Tariff Board during the year 1946 for the protection of industries and how many of them were disposed of and how many are still pending,

(b) the number of fresh applications made since the beginning of 1947, and

(c) whether it is a fact that the present Tariff Board is going to be expanded and if so, how many more members will be appointed?

† Answer to these questions were laid on the table as the question hour was dispensed with.

The Honourable Mr. I. I. Chundrigar: (a) and (b) Applications for protection are made to Government and not to the Tariff Board. Such applications are scrutinized by an Inter-departmental Committee consisting of representatives of Commerce, Industries and Supply, Finance and other interested Departments and those that are found to have established a *prima facie* case for tariff assistance or protection are referred to the Tariff Board for investigation. Other applications are examined departmentally according to the decisions of the Inter-departmental Committee. In 1946, 27 applications were remitted to the Tariff Board. Out of these the Board has submitted Reports on 13 industries and 14 are still pending with it. Government decisions on six Reports have been announced. Decisions on the rest will be announced shortly. Four fresh applications for protection have been remitted to the Tariff Board since the beginning of 1947.

(c) It has been decided to appoint one more additional Member to the Tariff Board.

TARIFF BOARD REPORT ON THE BICYCLE INDUSTRY

1230. *Mr. Manu Subedar: (a) Will the Honourable the Commerce Member please state what action Government have taken on the Tariff Board report on the bicycle industry?

(b) Is it a fact that twenty to twenty-five thousand bicycles are coming from the United Kingdom to India every month, if not, what is the correct figure?

(c) Are Government aware that a British concern under the name of Aircraft and Allied Enterprises Limited is offering to re-condition bicycles at £3 at Indian ports?

(d) Will full duty be levied on such bicycles?

(e) What steps do Government propose to take to protect the public from re-conditioned bicycles being passed off as new bicycles to the consumer?

(f) Have Government examined the effect of such imports on the established bicycle industry of the country?

The Honourable Mr. I. I. Chundrigar: (a) The Honourable Member referred to the Commerce Department Resolution No. 218-T(10)/47, dated the 22nd March, 1947, announcing Government's decision on the Tariff Board's report on the bicycle industry. This Resolution was published in the *Gazette of India Extraordinary* on the same date.

(b) A statement showing the monthly imports of bicycles from the United Kingdom during the last eleven months ending in February 1947 is laid on the table.

(c) According to Government's information Messrs. Aircraft and Allied Enterprises Limited, London, are offering re-conditioned cycles at prices ranging from £4 to £4-5-0 each exclusive of packing and delivery charges.

(d) Yes, Sir.

(e) Government understand that second hand bicycles that are being offered to India have been reconditioned by replacement of component parts where necessary to make them roadworthy. The difference in physical appearance between a new and a reconditioned bicycle must be so marked that it should not ordinarily be difficult for the public to distinguish between the two. Government do not therefore propose to take any steps in the matter at present.

(f) I would refer the Honourable Member to para. 19(b) of the Tariff Board's report on the Bicycle industry, an extract of which is laid on the table.

Statement showing imports of Cycles from the United Kingdom during the months of May to December 1946, January 1947, and February 1947.

	Quantity in Number
April 1946	No imports
May 1946	11,809
June 1946	14,534
July 1946	18,556
August 1946	11,260
September 1946	19,987
October 1946	18,368
November 1946	25,276
December 1946	23,343
January 1947	22,008
February 1947	16,291
Total	186,432

Copy of para 19 (b) of the Tariff Board's Report on the Bicycles Industry

(b) It was represented to the Board that quite a large number of reconditioned cycles, the number may go up to as much as 5 lakhs, may be imported in the near future from the United Kingdom. We have considered whether this import will affect the Indian industry and whether the home manufacturer requires any protection against it. We are of the opinion that, regard being had to the starved market for cycles for the wartime period of six years, there should be no difficulty in absorbing the reconditioned cycles likely to come without in any way affecting the offtake of the indigenous cycles. In a way we think that the import of a large number of re-conditioned cycles should be in the interest of the Indian industry in the long run as these cycles will create a demand which will subse-
quently be met by the Indian industry when it is firmly established. We have therefore, no recommendation to make in regard to import of reconditioned cycles in so far as the protection of the Indian industry is concerned.

COURT MARTIAL OF INDIAN OTHER RANKS OF HONG KONG AND SINGAPORE ROYAL ARTILLERY

1231. *Seth Govind Das: Will the Honourable Member for Commonwealth Relations be pleased to state

(a) whether the attention of Government has been drawn to a report published in the *National Herald*, dated the 20th November, 1946—city edition—that eight Indian Other Ranks of Hong Kong and Singapore Royal Artillery have been brought to Singapore from Batavia to face a court martial on charges of mutiny on Christmas Island, in the South Pacific, in March 1942, when a British Officer, Captain William, and four British non-commissioned officers were murdered in their beds, shortly before the Japanese took over the island, and

(b) the arrangements that have been made for the defence of the accused?

The Honourable Pandit Jawaharlal Nehru: (a) and (b) The Honourable Member's attention is invited to the answer given to Question No. 403 asked by Mr. Ahmed E. H. Jaffer on the subject on the 18th February 1947.

IMPORT OF INDUSTRIAL MACHINERY AND MACHINE TOOLS

1232. *Seth Govind Das: (a) Will the Honourable the Commerce Member please state the number of applications received during the year 1944-45 in the Offices of the Import Trade Controller and the Machine Tool Controller for the import of industrial machinery and machine tools from abroad?

(b) How many of these have been sanctioned by the two Controllers?

(c) Do Government propose to consider the desirability of removing the Import Trade Control regulations?

The Honourable Mr. I. I. Ohundrigar: (a) and (b). I lay on the table a statement showing the required information. The statement, however, does not cover the number of applications received by the Deputy Chief Controller of Imports, Calcutta, as he has not been keeping a record of such applications. He has been instructed to maintain, in future, a record of such applications received in his office.

(c) No. Sir. Attention of the Honourable Member is invited to the recent discussions in this House in connection with the Import and Export (Continuance) Bill, which provides for the continuance of these regulations for a period of three years.

Statement showing the number of applications received for imports of industrial machinery and machine tools by the Import Trade Controller and the Machine Tool Controller and the number sanctioned by each, during the two years 1944 and 1945

	Number of applications received	Number of applications sanctioned
Import Trade Controller (for industrial machinery)	2,189 (excluding those received by the Deputy Chief Controller of Imports, Calcutta)	2,842 (including those received by the Deputy Chief Controller of Imports, Calcutta)
Machine Tool Controller (for Machine Tools)	4,771	4,601

IMPORT OF VITAMINS AND VITAMIN PRODUCTS

1233. *Sri A. K. Menon: (a) Will the Honourable the Commerce Member be pleased to state whether it is a fact that the Government of India refuse permission to Indian manufacturers to import Vitamins as such and allow only the import of ready-made Vitamin productions such as tablets, drugs for injections, etc.?

(b) Is there any difficulty in manufacturing Vitamin preparations in India and if so, what is it?

The Honourable Mr. I. I. Ohundrigar: (a) No.

(b) Government are not aware of any great difficulty being experienced in the manufacture of natural Vitamins, but in regard to the manufacture of synthetic Vitamins it appears the following obstacles have to be overcome:

(1) that the practical details of their manufacture are not all known and some are covered by foreign patent rights,

(2) that this industry is interlocked with the basic chemical industries which have not developed sufficiently to make the necessary basic raw materials for the manufacture of synthetic vitamins available. Nevertheless it is understood that the Haffkine Institute, Bombay, is already manufacturing a multi-vitamin tablet for the Bombay Government for distribution in famine areas.

The whole question of the production of synthetic vitamins is at present under the consideration of a Planning panel set up by the Food Department.

COLOUR DISCRIMINATION IN SOUTH AFRICA

1234. *Mr. Madandhari Singh: (a) Will the Honourable Member for Commonwealth Relations be pleased to state whether it is a fact that Indians in South Africa cannot still travel in the same compartment in a train with Europeans and that the same colour discrimination has been extended to air travel also?

(b) If so, what action has been taken or is proposed to be taken by the Government of India, so that Indians there may have equal status with the Europeans?

The Honourable Pandit Jawaharlal Nehru: (a) Government have no official information but they understand that Indians and other Asiatics are not permitted to travel in the same compartment of railway trains with Europeans in South Africa, they have to use separate compartments reserved for them. As regards air travel a recent press report stated that no separate planes for non-Europeans are provided but they are seated in the front and Europeans are seated in the rear of the plane, thus avoiding Indians being seated beside Europeans.

(b) Discrimination of this kind has been in force in South Africa for a very long time and the Government of India's continuous efforts for removing them are well known. As the Honourable Member is aware, Government have taken certain retaliatory measures and have placed the whole question of the treatment of Indians in South Africa before the United Nations Organisation. In this connection, the Honourable Member's attention is drawn to the answer given to question No. 501 put by Sardar Mangal Singh on the 22nd February 1947.

UNQUALIFIED TEMPORARY SUB-DIVISIONAL OFFICERS IN C. P. W. DEPARTMENT

1235. *Mr. Hafiz M. Ghazanfarulla: (a) Will the Secretary of the Works, Mines and Power please state the number of qualified subordinates and Sub-Divisional Officers who are still on the temporary list, of the Central Public Works Department?

(b) Has any start been made for the replacement of unqualified staff by the qualified?

(c) If not, what are the reasons for not doing so when qualified men are available?

(d) Is it a fact that about 125 unqualified persons are holding the posts of Sub-Divisional Officers although they are not even qualified as overseers?

(e) Is it a fact that about 80 qualified Engineering Graduates are working as temporary subordinates since the last several years?

Mr. B. K. Gokhale: (a) The numbers are (i) Subordinates—837 (ii) Sub-Divisional Officers—114

(b) and (c) The entire question of elimination of unqualified Subordinates in the Central Public Works Department is still under consideration. A proposal is now under consideration, to hold departmental tests with a view to the elimination of some of these unqualified persons. The nature of these tests and the categories of Subordinates, who should be required to take them are also under consideration.

(d) No. Only 42 unqualified Subordinates are holding charge of Sub-Divisions. In the strict sense of the word, all the Subordinates are not wholly unqualified. Most of them possess diplomas from various Institutes, which are either not yet recognized by the Provincial Governments or were not recognized some years ago but have been recognized since. The capabilities of such Subordinates to suit the posts that they hold, are being examined.

(e) 82 Engineering Graduates are at present serving as temporary Subordinates in the Central Public Works Department. The senior most among them, who are now considered fit for Sub-Divisional charge, were recruited at the end of the year 1944. They could not be given Sub-Divisional charge earlier in preference to others, as they would not have been in a position to discharge efficiently the duties of an Sub-Divisional Officer due to inexperience and lack of knowledge of accounting procedure of Central Public Works Department.

COASTAL TRADING MONOPOLY

1236. *Sri M. Ananthasayanam Ayyangar: Will the Honourable the Commerce Member be pleased to state:

(a) whether Government are aware that the non-Indian Members of the Indian Coastal Conference Lines—Messrs Mackinnon Mackenzie and Company and Messrs Graham Trading Company have all these years enjoyed a virtual monopoly of coastal trading;

(b) whether Government are aware that the above-mentioned companies have threatened to withdraw the deferred rebate to their shippers if they patronised the new Indian Shipping Companies,

(c) whether Government are aware that the non-Indian Companies are also contemplating a 'rate war' with a view to stifle competition from the Indian Shipping concerns, and

(d) what measures Government propose to take to safeguard the Indian Shipping interests?

The Honourable Mr. I. I. Chundrigar: (a) No. There is no monopoly, but the non-Indian Companies handle the bulk of the trade.

(b) The question of threat does not arise, as deferred rebate is not given to a shipper, who utilises the services of another shipping company during the period fixed.

(c) Government have no information.

(d) Government have recently acquired powers to control Coastal freight rates and passenger fare and these power will enable Government to check rate wars and other undesirable forms of competition in the Coastal trades. Government will take such action as circumstances may necessitate from time to time to protect the interests of Indian Shipping.

REDUCTION IN DIETRY FOR THE CADETS OF THE I M M TRAINING SHIP *DUFFERIN*

1237. *Mr. Sasanka Sekhar Sanyal: (a) Will the Honourable the Commerce Member be pleased to state whether Government are aware that bread and other dietary articles for the cadets of the I M M Training Ship *Dufferin* Bombay, have been so much cut down that it is telling upon their health?

(b) If the answer to part (a) above be in the affirmative, what steps do Government propose to take in the matter?

The Honourable Mr. I. I. Chundrigar: (a) The quantity of bread issued to cadets of the Indian Merchantile Marine Training Ship *Dufferin* has been reduced as has also been the quantity of flour and sugar in accordance with Ration Regulations. The cadets, however, receive the supplementary allowance of bread permissible for those employed on heavy manual labour in addition to the basic allowance. To compensate for the decrease in the above items an additional allowance of vegetables, potatoes and fruits is made. The statistics relating to the health of the cadets recently furnished by the Captain Superintendent show that there has been no adverse effect on the health of the cadets as a result of the diet at present provided.

(b) Does not arise.

PROMOTION IN THE OFFICE OF THE HIGH COMMISSIONER FOR INDIA

1238. *Prof. N. G. Ranga: (a) Will the Honourable the Commerce Member be pleased to state whether there have been any promotions made in the office of the High Commissioner for India in London?

(b) If so, how many such promotions were made since September 1946?

(c) How many such promotions were given to Indians?

(d) Was any discrimination shown against those Indians who had been suspected of showing sympathy with India's movement for freedom?

(e) Do Government propose to give an assurance to the House that no such discrimination will be shown against any Indian employed in that office on the basis of any secret or other dossiers maintained in the India Office or the India House?

The Honourable Mr. I. I. Chundrigar: (a) Yes, Sir.

(b) 39

(c) 17

(d) No

(e) The necessity for giving such an assurance does not arise as no such dossiers are maintained.

ELECTION TO STANDING COMMITTEE FOR WORKS, MINES AND POWER DEPARTMENT

Mr. President: I have to inform the Assembly that upto 12 Noon on Monday, the 24th March, 1947, the time fixed for receiving nominations for the Standing Committee for the Department of Works, Mines and Power, twelve nominations were received. Subsequently two members withdrew their candidature. As the number of remaining candidates is equal to the number of vacancies, I declare the following members to be duly elected to the Committee for the financial year 1947-48 —

(1) Mr B B Varma, (2) Mr Madandhari Singh, (3) Pandit Thakur Das Bhaigava, (4) Pandit Lakshmi Kanta Maitra, (5) Shri D P Karmarkar, (6) Sri R Venkatasubba Reddiar, (7) Mr W M Martin, (8) Khwaja Nazimuddin, (9) Mr Muhammad Nauman, and (10) Mr Mohammad M Killedar

ELECTION TO STANDING COMMITTEE FOR COMMUNICATIONS DEPARTMENT

Mr. President: I have further to inform the Assembly that upto 12 Noon on Monday, the 24th March, 1947, the time fixed for receiving nominations for the Standing Committee for the Department of Communications, seven nominations were received. Subsequently two members withdrew their candidature. As the number of remaining candidates is equal to the number of vacancies, I declare the following members to be duly elected to the Committee during the year 1947-48 —

(1) Mr M R Masani, (2) Colonel Kumar Shri Himmat Singh, (3) Sreejutt Seth Damodar Swroop, (4) Mr M A F Hirtzel, and (5) Mr Ahmed E H Jaffer

ELECTION TO CENTRAL ADVISORY COUNCIL FOR RAILWAYS

Mr. President: I have also to inform the Assembly that upto 12 Noon on Wednesday, the 26th March, 1947, the time fixed for receiving nominations for the Central Advisory Council for Railways, six nominations were received. As the number of candidates is equal to the number of vacancies, I declare the following members to be duly elected to the Council for the year commencing 1st April 1947 —

(1) Mr S Guuswami, (2) Sri Jagannathdas, (3) Shri Sri Prakasa, (4) Shrimati Ammu Swaminadhan, (5) Mr M A F Hirtzel, and (6) Mr Hafiz Mohammad Abdullah

ELECTION TO STANDING COMMITTEE FOR INFORMATION AND BROADCASTING DEPARTMENT

Mr. President: I have also to inform the Assembly that upto 12 Noon on Wednesday, the 26th March, 1947, which was the time fixed for receiving nominations for the Standing Committee for the Department of Information and Broadcasting, only nine nominations were received. As the Standing Committee will consist of ten members and only nine have been nominated, I declared Mr Ramuvan Prasad, Mr M R Masani, Khan Abdul Ghani Khan, Pandit Sri Krishna Dutt Paliwal, Sri N Narayanamurthi, Mr C P Lawson, Mr Siddiq Ali Khan, Mohammad Amir Ahmad and Syed Ghulam Bhik Narang, who are duly nominated as elected to the Committee and I appoint a further period upto 12 Noon on Monday, the 31st March, within which nominations for the tenth vacancy only will be received. The election if necessary, will be held in the Assistant Secretary's room in the Council House, on Thursday, the 3rd April, 1947, between the hours of 10-30 A M and 1 P M.

ELECTION TO CENTRAL COMMITTEE OF THE TUBERCULOSIS ASSOCIATION OF INDIA

Mr. S. H. Y. Oulsnam (Government of India Nominated Official) Sir, I beg to move

"That the members of this Assembly do proceed to elect, in such manner as may be approved by the Honourable the President, one person from among their numbers to sit on the Central Committee of the Tuberculosis Association of India."

The Tuberculosis Association is a registered society to which various Provincial Associations are affiliated. Its management is in the hands of a Central Committee and one member of this House is to be elected each year as a member of that Committee. Sir, I move

Mr. President: Motion moved.

"That the members of this Assembly do proceed to elect, in such manner as may be approved by the Honourable the President, one person from among their numbers to sit on the Central Committee of the Tuberculosis Association of India."

Prof. N. G. Ranga (Guntur *cum* Nellore Non-Muhammadan Rural) Sir, I am glad that this Committee has been set up but we would like to know what assistance the Government of India gives to it and what representation it has on it besides the one member that it now asks this House to elect to it. Why is it that the Government of India has suggested that this House should elect only one member to it?

Dr. Zia Uddin Ahmad (United Provinces, Southern Divisions—Muhammadan Rural) Sir, I think representation of one member is not sufficient as I noticed from elsewhere that if that member happens to be absent the Assembly is unrepresented. My friend Prof. Ranga raised this question in connection with the Bangalore Institute and the other Honourable Member accepted the suggestion. I hope this will also similarly be accepted.

Mr. S. H. Y. Oulsnam: Sir, the Government of India pays to the Association an annual grant of Rs. 20,000 for the maintenance of the sanatorium at Kasauli and an annual grant of Rs. 25,000 towards the maintenance of the Tuberculosis Clinic in Delhi. The Association was established in 1939 and there are a number of officials on the Central Committee. As I said, the Association is a registered society and the composition of the Committee of Management is governed by the Rules and Regulations of the society. I shall certainly convey to the Association the feeling of the Members of this House that there should be at least two Members of this House on the Committee.

Mr. President: The question is

"That the members of this Assembly do proceed to elect, in such manner as may be approved by the Honourable the President, one person from among their numbers to sit on the Central Committee of the Tuberculosis Association of India."

The motion was adopted.

ELECTION TO GOVERNING BODY OF INDIAN RESEARCH FUND ASSOCIATION

Mr. S. H. Y. Oulsnam (Government of India Nominated Official) Sir, I beg to move

"That the members of this Assembly do proceed to elect, in such manner as may be approved by the Honourable the President, one person from among their numbers to sit on the Governing Body of the Indian Research Fund Association."

There are two representatives of this House on the Governing Body of the Indian Research Fund Association. There is a vacancy owing to the death of Dr. Hasan Suhrawardy and it is to fill that vacancy that this election is necessary. Sir, I move

Mr. President: The question is

"That the members of this Assembly do proceed to elect, in such manner as may be approved by the Honourable the President, one person from among their numbers to sit on the Governing Body of the Indian Research Fund Association."

The motion was adopted.

ELECTION TO STANDING COMMITTEE FOR LEGISLATIVE DEPARTMENT

The Honourable Mr. Jogendra Nath Mandal (Law Member) Sir, I beg to move

‘That this Assembly do proceed to elect, in such manner as the Honourable the President may direct five non official members to serve on the Standing Committee to advise on subjects in the Legislative Department for the financial year 1947-48’

Mr. President: Motion moved

‘That this Assembly do proceed to elect in such manner as the Honourable the President may direct five non official members to serve on the Standing Committee to advise on subjects in the Legislative Department for the financial year 1947-48’

Sreejot Rohini Kumar Chaudhuri (Assam Valley Non Muhammadan) Sir, we have been hearing so much of the Standing Committees for the last few days that I cannot resist the temptation of saying a few words on the subject. Sir, I hope the House will not mind my ignorance but will appreciate my sincerity in asking a few questions. My Honourable friend Prof Ranga, the other day complained that there was not a single sitting of a certain Standing Committee and there are very few sittings of some Standing Committees. I do not understand much of the contradiction in terms which we so much see here. For instance we have a Leader of the Opposition in this House, but we do not find the Leader of the Opposition opposing anything but rather safeguarding the interests of the Government at every time. We have several Pandits in this House. Sir Pandits in our country are generally known by the tuft of hair on their head and the dress they put on. But here we have a lot of Pandits and it is very difficult to distinguish these Pandits from the Pandits of this country. And I find some of the Pandits here—at least I saw the other day the Honourable Member Pandit Bhargava—dressed in true European clothes. It is very difficult for us to distinguish between Pandits and non-Pandits in this country. But coming to the point now what I was wanting to know is this. Ignorance is bliss sometimes although we should not like to be under it. Why is this complaint about standing committees not sitting. I can understand when you complain some Select Committees and Central Committees and so on not sitting they are expected to sit and they generally do sit. Nobody can complain that Select Committees do not sit or the Central Committees do not sit. The Standing Committees are not meant to sit and it is only on rare occasions when the Honourable Member in charge wants to oblige a friend like Professor Ranga that the Standing Committee is convened but in normal times the Standing Committees are all expected to do their business by expressing their opinion through correspondence. The papers are sent to the Honourable Members and they express their opinion. This saves lot of expenditure for the Government and a lot of time for the Honourable Members which they might otherwise spend in leisure. So I do not think there is any object in calling these Standing Committees. On one occasion I had the fortune of sitting in a Standing Committee. There we did some business for three days and we have not heard anything about the recommendations we made. One Honourable Member had the tenacity to ask the Honourable Member in charge, it was Education I think to at least convene a meeting twice a year but that request was never complied with, for the very simple reason that Standing Committees are not meant to sit at all and it is only by grace that they are allowed to sit. In these circumstances may I not request the Honourable Member in charge of different Standing Committees not to bother the House by elections and thus unnecessarily rouse hopes in the minds of members that some day some Standing Committee will be called. If there was contest in these elections, there would be at least some pleasure in winning an election and some sorrow in losing an election. But nobody takes interest in these things. As you yourself now announced, Sir, not even the full number required is nominated. In the case of one committee, only nine were

[Sreejut Rohini Kumar Chaudhuri]

nominated in place of ten. So I think that whatever may have happened in the past, the present Government does not want that these standing committees should sit, and waste time of all concerned unnecessarily! I

The Honourable Mr. Jogendra Nath Mandal: My Honourable friend has not referred to any particular Standing Committee. His complaint is that no Standing Committee sits regularly. Of course, I do not know what has happened with Standing Committees for different departments but so far as my department is concerned, I have to say that the Standing Committee constituted for the year 1946-47 met only once in April 1946. The reason for not convening the meeting of the Standing Committee once again was that the department had no subject which could profitably be discussed in the Standing Committee but I can give this House and my Honourable friend this assurance that I shall call a meeting of the newly formed Standing Committee in the month of April next and I hope that we shall have many important matters for discussion in the Standing Committee. As my Honourable friend has not made any complaint against this particular department, I have got nothing more to add.

My friend has appealed to the House not to take the trouble of electing so many members to so many committees. If the House is of opinion that no useful purpose would be served by the constitution of so many committees, then I shall have no objection to agree with my Honourable friend that this practice be discontinued, if that is the opinion of the House. I think the utility of convening the Standing Committees no longer exists in substance as it existed before because now the members of the Government are their own representatives and it is expected that they should have full confidence in them and whenever their representatives will feel any interest in consulting them on a particular important matter, surely the member in charge of the department will call a meeting of the Standing Committee and have their valued advice on the matter.

Mr. President: The question is

"That this Assembly do proceed to elect, in such manner as the Honourable the President may direct, five non-official members to serve on the Standing Committee to advise on subjects in the Legislative Department for the financial year 1947-48."

The motion was adopted.

ELECTION TO STANDING FINANCE COMMITTEE

The Honourable Mr. Liaquat Ali Khan (Finance Member) Sir, I move

"That this Assembly do proceed to elect, in such manner as may be approved by the Honourable the President, fourteen non official members to serve under the chairmanship of the Finance Member on the Standing Finance Committee for the financial year 1947-48."

Mr. President: Motion moved.

"That this Assembly do proceed to elect, in such manner as may be approved by the Honourable the President, fourteen non official members to serve under the chairmanship of the Finance Member, on the Standing Finance Committee for the financial year 1947-48."

Mr. Manu Subedar (Indian Merchants' Chamber and Bureau Indian Commerce) On this question I have on previous occasions made a request to the Finance Member to expand the scope and powers of the Standing Finance Committee and specifically to eliminate the distinction between voted and non-voted, which has existed. I do not want to take up the time of the House, but I understand the Honourable the Finance Member is really alive to this issue and that he does propose to expand the powers of this committee which in the financial condition in which this country finds itself must be exercised with great care and which would be of very great help to him in the difficult task which he has undertaken. I shall be very happy if the Honourable the Finance Member will give an assurance to the House that these powers will be expanded.

The Honourable Mr. Liaquat Ali Khan: Sir, last time certain rules were framed for the consideration of the Standing Finance Committee, but unfortunately there was no time for the Standing Finance Committee to consider them for the conduct of its business. It is my desire to get as much assistance from the members of the Standing Finance Committee as it is possible for me to do. I am afraid it is not possible for me to remove the distinction altogether of voted and non-voted. I have to be bound by the provisions of the Government of India Act, but I am sure my Honourable friend Mr. Manu Subedar will recognise this fact that since I have taken over, I have given the greatest scope to the members of the Standing Finance Committee to discuss all the matters freely and frankly that have been placed before them. I am sure he will also recognise that I have always welcomed the advice of my colleagues on the Standing Finance Committee.

Mr. President: The question is.

"That this Assembly do proceed to elect, in such manner as may be approved by the Honourable the President, fourteen non-official members to serve under the chairmanship of the Finance Member, on the Standing Finance Committee for the financial year 1947-48."

The motion was adopted.

Mr. President: I have to inform Honourable Members that the following dates have been fixed for receiving nominations and holding elections, if necessary, in connection with the following Committees, namely—

	Date for nomination	Date for election
1 Central Committee of the Tuberculosis Association of India.	1st April, 1947	8th April, 1947
2 Governing Body of the Indian Research Fund Association	1st April, 1947	8th April, 1947
3 Standing Committee of the Legislative Department	1st April, 1947	9th April, 1947
4 Standing Finance Committee	1st April, 1947	9th April, 1947

The nominations for all the four Committees will be received in the Notice Office upto 12 Noon on the dates mentioned for the purpose. The elections, which will be conducted in accordance with the Regulations for the holding of elections by means of the single transferable vote, will be held in the Assistant Secretary's room in the Council House, between the hours of 10-30 A.M. and 1 P.M.

INDIAN FINANCE BILL—contd

Mr. President: The House will now proceed with the Legislative Business, the motion being

"That the Bill to give effect to the financial proposals of the Central Government for the year beginning on the 1st day of April, 1947, be taken into consideration."

Khan Mohammad Yamin Khan (Agra Division Muhammadan Rural) Sir, this is the only occasion when Members are allowed to ventilate their grievances which they may have against the Government. This year I have noticed that most of the speeches have been confined only to the financial proposals which have been put by the Government. But I will start with the grievances which I have got against the Government in respect of my constituency. In my constituency there is a very big institution which has got All-India reputation and persons not only from the whole of India but from the whole of Asia come

[Khan Mohammad Yamin Khan] to that institution, I mean the Muslim University of Aligarh. This university is under the Government of India and has not much to do with the Provincial Government. This university is receiving step-motherly treatment from the Government because certain things which are really the concern of the Provincial Government are not looked upon by them as their duty and responsibility on the ground that it is the concern of the Government of India to look after the university and Provincial Government does not bother. My complaint is directed against one particular item and I am glad that my friend Mr. Oulsnam, the Secretary of the Health Department, is present in the House and I am sure he will convey to his Member the grievances which we have and which his Department had been ignoring so far.

My chief complaint is that the health of the university is not considered at all. There have been constant complaints about the rainy season and the water-logging in the university area. There is no drainage system there with the result that malaria spreads all over the place. There have been international anti-malarial reliefs given in many parts of India, but they had been constantly ignored as far as the university area is concerned. Every year we find that in the Muslim University area there is an outbreak of malaria and boys suffer. It is on account of this condition that the university had to adopt a different method of vacations. The Muslim University closes during the rainy season and remains open during the hot weather, whereas all other universities close during the hot season and open during the rainy season. This is due to insanitary conditions, want of drainage system and the spread of malaria that the university has to be closed from July till the end of September. The university is looked after by the Government as far as education is concerned, but I do not know why the health of the boys is constantly ignored. This point has been pressed very often by the University authorities. I do not know to which authority we must look up to and why should we not look up to the Government of India? If the Government of the United Provinces is not discharging its duty towards the area which is nearabout the University at least the University area which is within the jurisdiction of the Government of India should be looked after by the Government of India. There is a Girls College and near this college there is a big diam which is very filthy and stagnant water remains there throughout the year. It is a regular breeding place of mosquitoes and these mosquitoes have affected the health of the girls and boys so much that every year many students suffer from malaria. There is no other diam which this diam can join because there is the Muslim University College on one side and the civil lines on the other side. Therefore neither the Government of India cares for it nor the Provincial Government looks after it. They have got the Health Officer, but he looks after only those areas which are in the city. I am sorry to remark that although we have now got our responsible Government and even they have ignored those very questions which were the subject-matter of the complaints by most of the Members who are now adorning the Treasury Benches. I heard every year complaints from this side of the House and also complaints from the opposition side in U. P. legislature about the ill health of the students and about the neglect of Government to remedy the state of affairs. That government has passed away. New Governments have come into existence. They are also ignoring the health of the students. It is a difficult question to get the health in all the villages improved in one day or to spend so much money on the improvement of villages in one year. No doubt some improvement could be effected there also. But this is not a big thing. The University area is a small area. It requires proper handling and if the Government ignores it, then it is shirking its responsibility. I would urge that substantial amounts should be provided this year for the University drainage improvement and anti-malaria operations which they have not done although they have given some kind of

relief only to the employees of the University. This was essential because they were bound by their own commitments. But this is not sufficient. I do not want that people should be paid higher salaries, while the health of the students is ignored. Therefore I want to press on the Government of India my complaint. I am a Member of the Court of the University, a Member of the Executive Council and am the representative of the University in this House and I take this opportunity to bring to the notice of the Government that this must be done and done immediately.

Although there is a big deficit in the budget, yet money should be found to give this relief at once. I want to see that Government is progressing properly and carrying on the administration in the right direction. I am not happy about certain alterations made in the tax proposals in the budget. I am however very glad that a compromise has been reached within the executive council, but that compromise is not a very happy one. It takes away a very big sum of money which was urgently required for very useful items that I have pointed out just now. The Government's responsibility is very great and Government wants money to discharge it. There was a deficit and this deficit had to be filled up by some people. Ever since I came to this legislature, for the past 27 years, I have heard demands made from all quarters of the House that salt tax should be abolished. Great agitation was being carried on in the country against the Government and the point was that the poor man's salt was being taxed. Very many prominent leaders of India carried on that agitation. In this House itself, not a year passed without this tax being subjected to criticism. This salt tax therefore had to go in order to give satisfaction to Honourable Members who were championing the cause of the poor living in the villages. The abolition of salt tax meant that a sum of nine crores had to be given up. If this sum had to be given up then the Government should find this money from somebody else. The question was where this money was to come from. The salt tax had to go from the poor man. If customs duties were increased, it would just as well fall on the poor man. If you increase any indirect tax, it will all come from the pockets of the poor man. Therefore this indirect taxation had to be abolished as much as possible in order to satisfy the wishes of the whole country. No doubt I heard from the representative of labour in this House that the abolition of the salt duty was a mistake. She said that salt tax did not affect the poor man so much. She, being the labour representative, I take it she was right when she said that the salt tax did not affect the poor. This was also the stand I took in the past for so many years. Therefore with the abolition of the salt tax, we were faced with the problem of finding out a substitute. Where was this money to come from? Naturally this burden cannot fall on the middle class man because the middle class people are all living from hand to mouth these days. Of course the poor people are hard hit. The middle class people with fixed incomes are also not very happy. Therefore this money is to be found from the rich people who have made immense fortunes during the war and on account of the war through the toiling labourers. As soon as the Finance Member proposed his new tax, an agitation was carried on in all parts of the country denouncing this tax as an unreasonable one. It has always been the practice in the past that whenever people wanted to benefit they created different kinds of slogans. By creating these slogans their idea was to benefit themselves with the aid of agitation in the country. Slogans were created against the Finance Member's proposals on different lines which I do not want to repeat here. Some people had the temerity to say this that this was as a retort to the iniquities done by the Congress Government in U. P. against the U. P. Zamindars and therefore this was a retaliation against the Congress government in U. P. I repudiate this kind of suggestion. Anybody who set this kind of rumour afloat can only be put down as a most selfish man who wanted to benefit his pocket at the expense of the poor. It is most preposterous to say that the Finance Member could retaliate in this manner because the U. P. Government had proposed to tax zamindari lands. The U. P. Government's proposals to tax zamindari lands came in much

[Khan Mohammad Yamin Khan]

later than the Finance Member's budget proposals. We had been pressing this for many years on the floor of the House that the incomes of the very rich people should be taxed and the U P Government have taxed zamindari incomes only this month. That the U P Government was going to double the land revenue was not even known to the world one month before when the budget proposals of the Finance Member were formulated in this House. I say, Sir, this is an unnecessary excitement and insinuations are made by interested parties to benefit themselves. It has always been the habit with a certain set of people to create excitement whenever they wanted to benefit their pockets. They say, this is a Hindu idea or this is a Muslim idea, or this is Congress party idea or that this is Muslim League party idea and so on. Of course it is not the doing of the Congress or the Muslim League or the Hindus, it is purely the imagination of some mischief-mongers. These people spread this agitation in the country for benefitting themselves. By creating this kind of agitation, they are doing no good to anybody. They may benefit personally, but the country as a whole will be very sorry for the bad blood that is created in the country by this sort of agitation. This is not going to pay anything to anybody. If anybody happens to be in a position of commanding some influence among one's own community, it is wrong on his part to create agitation in the minds of that community. I find sometimes that the Press is doing propaganda which is harmful to the interest of the country. Certain newspapers often take delight in creating excitement in the country. I wish Government take strong measures to stop such writings in the press which tend to create bad blood between one community and another. People belonging to different communities who have been living for generations together as brothers, on account of this malicious propaganda in the Press, one fine morning find themselves arrayed against each other. They run at each other's throats. Who suffers on this account? Innocent people only stand to suffer. Even in this City of Delhi where people hope to live in peace under the protection of the Government we find that agitation has been going on and the result is that innocent people are being murdered in cold blood. Only yesterday an innocent man was killed in Nai Sarak and his stomach was cut open by sword, and the District Magistrate had to order curfew for 24 hours in that area. Is it not the duty of Government to be alert and take steps to stop all agitation carried on either through processions or through the press and restore confidence among the people that their lives will be safe when they come out? It does us no credit that while the British Government was in power our lives were safe at all places and at all hours of the day and night but now that our own Government is in office we are not safe even while we come from the railway station to New Delhi.

Lala Deshbandhu Gupta (Delhi General) Whose fault is that?

Khan Mohammad Yamin Khan: Wherever the fault may be I speak as Indian and I say it does no credit to us, in whatever part of India it may happen. Government will show a great lack of statesmanship if they are not alive to the situation and take steps in time. The provincial governments and the Central Government have all got their responsibility in this matter, they must cope with the situation had stop all this agitation. There is an order that in referring to these incidents the papers should not mention the names of the communities. But every day I find in a Delhi paper the names of these particular communities being mentioned as having done this and done that. This only creates excitement among different communities and Government must take strong steps against such papers for violating their orders. This paper started a kind of mischievous agitation about Calcutta and now it has turned to Delhi. I have seen this for three days continuously.

Lala Deshbandhu Gupta: What about the *Dawn*?

Khan Mohammad Yamin Khan: I am not mentioning names. Whether it is the *Dawn* or my Honourable friend's paper, *The Tej*, they stand condemned if they do this. If the *Dawn* says something it does not mean that my Honourable friend's paper must say something in return. This, Sir, is a sad state of affairs. If I as an Indian go to some European country and plead for India's freedom and they ask me about the internal state of India I have to hang down my head in shame. People go about the country and talk all kinds of nonsense and create excitement and then disturbances follow. That is my grievance against this Government, that they are not taking the proper steps. I want peace and happiness in the country for every one, I want the same feeling of confidence to prevail as prevailed before without being disturbed by any change of Government. I do not mind peaceful agitation and demonstrations and peaceful meetings being held by any community. But I do not like the other community to go and disturb these meetings. Every one has the right to speak freely and they should be allowed to speak without being annoyed and disturbed. That is all that I will say on this subject.

Then I come to the question of sterling balances. These balances have accumulated to a large extent in England and I know it will be very difficult to get them back. During the budget debate I suggested cursorily that if the British are going to leave India in 1948 how are we going to defend our shores? That was not the proper time to go into the matter in details but now on the Finance Bill I suggest that if they do not want to give us those sterling balances in cash they may give them to us in the shape of cruisers and small boats of which they have got a large number. If they do not have the responsibility of defending the Indian shores they will surely have a surplus of warship and these can easily be handed over to India in lieu of the money which they owe us. The Indian Government can purchase these cruisers and warships which are so essential for India's defence.

Mr. Manu Subedar (Indian Merchants' Chamber and Bureau Indian Commerce) Not old and damaged ships

Khan Mohammad Yamin Khan: No, not those which were discarded by America and purchased by England at a time of great necessity. I want only those cruisers which have been built during the last ten years. These may be obtained in lieu of the sterling balances for the defence of India, and Government would do well to proceed in this direction.

Sir, I support the Finance Bill as presented to this House.

Mr. Manu Subedar: Sir, I congratulate the Finance Member and his colleagues on the compromise which they have reached. It is true that like all compromises it cannot please everybody and every side, but it undoubtedly has a significance. I congratulate the House that because of the compromise we shall be able to get through our legislative business very much quicker, and I congratulate the country because there is a group of people in this country which is constantly exaggerating matters and making them worse. Wherever there is a riot it is described by foreign correspondents in this country as a civil war, wherever there is a small difference it is immediately described as a tremendous crisis from which Government will fall and break down. In other words there is a warfare going on in the press as my Honourable friend has just now said. The Press is not assisting the passage of India to freedom but it is retarding it very much by the manner in which every little difference is exaggerated and crisis created where they should not be hinted even, for the simple

[Mr. Manu Subedar]

reason that there is not a single subject on which any two persons trying to think out will not have a difference. Sir, I agree that the new Bills of the Honourable the Finance Member have absorbed unduly the attention of the House and the country and that the major aspects of the financial and economic condition of this country have not come within the review to the extent to which it should be possible to bring them. I will say something more about these Bills and the taxation system when the Bills are before this House. I will endeavour, however, to turn to one or two other points which I consider of supreme importance to the life of this country and to which I would invite the attention of Government to take it up as earnestly and as fully as they possibly can.

I must say that I do not agree with the views mentioned by the Honourable the Finance Member with regard to planning. It may be that he had some grounds for professing those views, but in the field of finance they should not be manifested because you cause a premature scramble from the sectional point of view instead of having the matters judged from the point of view of all-India. For the purpose of all-India, for example, we want the sterling balances to be brought back to this country and to be used. In this connection may I say that on the propaganda side the Government of India generally and the Finance Department in particular are very weak and that anti-Indian propaganda is going on everywhere which it is the duty of every Indian to check. Then we want to break the link with England over Section 41 of the Reserve Bank of India Act for which I have been constantly asking on the floor of this House and I hope that the Honourable the Finance Member will be able to bring up a legislation before the end of this Session. We are rightly anxious to check up the India does not pay inflated prices for the articles which it is purchasing from abroad. According to the reports which have reached me, our private purchasers are paying unnecessarily heavy prices. We are anxious for information which Government do not possess today with regard to foreigners' assets in this country. They do not have the information about the sales, they do not have the information about the remittances out of such sales, and the money in which the Government of India have very direct interest because they have to catch it under the Capital Gains Tax. The money is being sent away under their very noses. I suggest that these are matters in which it is no longer possible to have *laissez-faire* to leave matters alone to let them drift, and it is the duty of the Finance Department to arm itself with all the fullest information and to see as I am confident the Honourable the Finance Member will act, in the best interest of this country.

Then, Sir, there are obligations which we have incurred under the International Monetary Fund. These obligations also impose on this Government to plan from now in the field of finance, and if such planning is not done India would find herself at some stage or the other very seriously handicapped in the matters with which it may have to deal with. Then there are issues of common interest to the whole country, such as the mint, such as the railways, such is the irrigation. In the matter of 'Damodar Valley' and other river developments we have issues which are of common and general interest, and these have to be attended to on the basis of all-India, and I say that until other decisions are taken we must assume that everything is on the present basis and we must not in the field of finance bring in the line of thought which the Honourable the Finance Member brought in. May be he has justification with regard to the expenditure of Central Funds in various areas, but subject to certain precautions it should be possible for the Government of India as a whole to take matters in their hands and not to permit them to drift in the field of finance as I find unfortunately matters are drifting. The most serious of these matters is inflation. There is no tax which the poor and the middle class have to bear more heavily than that which is involved in high prices through inflation.

I want to know what the Honourable the Finance Member has done or is doing in the direction of reducing inflation. Sir, it is not merely that the poor do not get all that they need because of high prices, but the very denial to the poor of the articles which they need is a burden when you don't give them every thing which they need. Then they hoard, they do not hoard money, but they hoard bullion in small quantities. When they cannot hoard bullion, they keep back grain. On the gram policy I have indicated frequently in the past that it would be a great help to the Government's policy of procurement if they were to produce more cloth, more corrugated sheets, more implements, and more kerosene for the cultivator. That would give him what he wants, and he would in his turn part with his gram more rapidly than under the present system of compulsory acquisition by Government.

With regard to inflation, the limitations of time do not permit me to deal with the cheap money policy which is in my opinion an importation from England and which is a very great hardship for this country. I want the Honourable the Finance Member to think seriously in this matter because every time he reduces half a per cent in the interest rate paid and gets about 40 crores, he has added purchasing power through the improvement of the values of the old securities in the hands of the people to the extent of two to three hundred crores. If it is his intention and he does it knowingly, I have no objection, but I say it is very necessary to stop inflation. Very firm steps have been taken in other countries for stopping inflation. In other countries they have reduced note issue, they have destroyed large quantities of notes, they have burnt them at public expense. In other countries they have regulated credits and advances and they have adopted every other reasonable means for bringing down inflation. In this country inflation has only become an excuse in the past for Finance Members to come to this House and say 'there is great inflation and there is much money in the pockets of the people, and so let us take it over so that inflation will go down.' With regard to deflation they have constantly said 'Oh' but if we deflate them there would be unemployment and distress. Therefore when we want money, we will plead inflation and take it from the public, and when we do not want to reduce expenditure then we speak of the horror of deflation because retrenchment will increase unemployment. Sir, this is a vicious circle and I submit very seriously for the consideration of the Honourable the Finance Member that we should break out of this vicious circle. The main evil of inflation is that it is a tax on the poor people. Let us think of this because so much has been said about the common man, let us all think of the field of employment for him, let us think of the burden which he carries and let us all consider this issue in the serious manner in which it deserves to be considered.

I have spoken in this House with regard to what I call a production crisis. We have not got the goods. In every country in the world production is increasing. In India goods produced are actually being diminished, and this is a position which puts you into the vicious circle from which it is very difficult to get out. It is not the evil of today, but what shall we do hereafter—that question also does arise. Does this Government recognize that there is a production crisis, that goods are in short supply, that every effort and very strong effort must be made to secure these goods so as to reduce inflation on the one hand and on the other hand to reduce the amount of money which is lying idle in the hands of the people and is creating mischief on the stock and other exchanges. Does Government recognize that we have a production crisis? There has been a crisis in other countries as well. Not content with careful planning which has been going on for many years the Government of England is now putting some of their top men on this job. They are now going to put Mr. Bevin. They are going to requisition our old Finance Member, Sir Archibald Rowlands. They are going to pick out and comb out of the country

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the best men and see that they meet the production crisis of the country and that everything is dove-tailed, that no man is idle, and that what is produced is disposed of in an orderly and proper manner. We, Sir, in this country have unfortunately a prejudice against planning but I say that that will lead us into very great difficulty.

I find there is a lot of loose thinking on the question of State trading and of State ownership or nationalization. I do not want to take up these topics, because they are big topics. I think it is necessary to have some kind of orderly thought on these subjects. The principle with regard to nationalisation should be that those industries in which the security of the country is involved, for the shortage of which this country found itself in very great difficulties during the war period—those industries should be started by others or by the State and this should be undertaken within a reasonable time—that which seems to occur between one great war and another—so that this country may be equipped with the means of production of those things which are necessary for the security of this country. This, Sir, is a great thought in which I do not think any Indian would differ from me and therefore I say, let us start with first things first and let there be some scheme about it.

Dr. Zia Uddin Ahmad (United Provinces Southern Division, Muhammadan Rural) May I say something?

Mr. Manu Subedar: I will give you whatever answer you want in the lobby.

My Honourable friend, with childlike simplicity and colossal unfamiliarity with business matters referred to the Select Committee's minutes and how the Select Committee minority reflected opinions outside this House. He forgot what Mr. Griffiths said and what Mr. Tyson said. He does not know about the letters which I have received from Muslim business men and the talks which I have had with Muslim colleagues of his own in this House. He is anxious to make out that everybody like him is pleading in a sectional manner and that some of us are not actuated by the highest standards of patriotism and the welfare of this country alone and nothing else.

Dr. Zia Uddin Ahmad: I do not doubt it, but facts are facts.

Mr. Manu Subedar: The field of State trading has been so far seriously considered. Why should profits go to private trade when the State could get some money and with regard to import of gold and silver, I have recommended the method that should be adopted. With regard to the Geneva Conference, our people are going there and I trust the Indian delegate will take a stand that India will not be tied to anything which is not required for the welfare of this country. It will not be tied to any relaxation of its economic policy which may be necessary in the interests of this country, but we should be free to do better, we should be free to negotiate State to State dealings, we should be free to get materials which we need badly on an exchange of other commodities which we can also spare with some difficulty but which we prefer to spare rather than go without those materials necessary to renovate the economic life of this country and to increase the field of employment.

Then there are too many slogans and everybody is anxious to point out that he is actuated by the welfare of the small and poor man. I am very glad that this has become fashionable. But what is fashionable today, will I trust really be thought from the heart to-morrow. I would invite the attention of my colleagues in the Assembly to the Bombay Committee's report in which I have recommended nationalisation so far as the handloom industry is concerned, so that not one handloom today, I hope and not one man who can produce cloth in these days should be without the yarn or the machinery or the stores or the means of selling it. Relieve him of all that trouble. Fill him up with all that he requires and you have more cloth arising immediately and also the full use

of the equipment, which, I am sorry to say, under the mismanagement of this Government are lying idle.

Among these slogans is one that there should be no retrenchment. The Honourable the Finance Member said that the Taxation Committee could not be appointed. May I point out that every municipality in this country is in financial difficulties? May I point out that there are taxes which are not expanding, some of which are contracting, and provincial Governments at all events are now searching wildly for what they can tax, and in their wild search they are imposing taxes which do more to dislocate the life of the people than they quite realize. Even the Government of India's own sources in some cases are yielding less and what is more, the Niemeyer Award which is still being acted upon has become absolutely out of date. The Government of India today is giving grants which are very much bigger than the money going under those awards. I am sorry to say that some of those grants are going to provinces whose pockets are bulging with finances. Last year the Honourable the Finance Member gave Rs 35 crores to the provinces who were able to use only Rs. 25-crores and this time in spite of the fact that last year they could not use more than Rs 25 crores, the Honourable the Finance Member has put down Rs 45 crores for them.

I say that the Taxation Enquiry should begin its work immediately. If there are aspects of it which trouble the Honourable the Finance Member with regard to the constitutional future, those aspects could be provided against. Some provisional arrangement could be made. In any case men interested in the welfare of the country as a whole and therefore of every section of it, are not likely in my opinion in that responsible position to bring conclusions which would clash with any ideology or with any other apprehension which may exist. The same thing goes with regard to the Economy Committee. May I ask why the Economy Committee has not been appointed and functioning? What was the reason? Didn't you find the men? Didn't you have time to make up terms of references? Couldn't we take up this issue straightaway and couldn't the Economy Committee sit day after day and lop off whatever is surplus and unnecessary? Sir, some of us find it difficult to address in harsh terms men who are our chosen men, and whose leadership we are proud to have. But when it is a question of financial administration, it does arise that we resent members of the Treasury Benches taking a suggestion from us and throwing it into the Department and the department's Secretary making a reply and the Member rolling it off here. We want Members of this House to be treated with that sense of responsibility which we are all anxious to develop and I find that such an attempt has not yet been made. Whether the Standing Committees will do it or whether some other means will be found I do not know. But we do not like to feel frustrated with regard to the welfare of our country. When we have definite points arising out of observations and our experience which we have to put to the House, the only machinery is the question and we find the Honourable Treasury Bench Members rolling off the answers drafted by their Secretaries.

Prof. N. G. Ranga (Guntur cum Nellore Non-Muhammadian Rural) The Secretaries themselves roll them off!

Mr. Manu Subedar: It is not easy at any time judge the effect of taxation. And when the Honourable the Finance Member claims that he will modify his schemes he put in a reservation with which everybody agreed. But how is he going to judge? May I give an allegory as to what is happening in the manner in which he has brought his budget to this House. He is throwing a man down from the balcony. He is throwing him over. When you throw a man over a balcony, in some cases he may survive without any serious harm. He may have a few bruises plus some shock. In some cases he may be hurt in some vital parts and he may be permanently maimed. In some cases he

[Mr Manu Subedar] may actually expire or die. Which of these three things is going to happen if you throw a man from the balcony? Time alone will show. But I do feel that the Honourable the Finance Member has been out-rivalling the United Kingdom in the matter of direct taxes and he has taken a leaf from the U S A, a country whose strength, resources, solidity, stability and wealth we have still to achieve. I cannot go into the details of this matter beyond saying this that the Honourable Member has brought in a larger measure of direct taxes in one year than at any other time. No previous Finance Member brought this House during peace time any measure in which more than one or one and a half crores was to be increased in the revenues from direct taxes. The form of the taxes is not so objectionable, the form is all right but the timing, the psychological effect has not been taken into consideration. It has not been definitely and properly gone into. The very largeness of it or the very bulk of it is what staggers. If you gave me a glass of milk it will probably do good to me but if you pour down my throat a gallon of milk, I do not know what will happen.

Then there is the other point which has been dealt with by other Members and therefore I won't delay the House on it longer. It is this. In the case of joint stock companies, particularly, in some cases the incidence is now actually going to exceed that which is prevalent in the most advanced western countries. They are countries with a rich economy and whether this country can bear that parallel with those countries is something which is worth thinking about. It is no use dogmatising that this has been already thought out and that every thing will be all right. As I said, if you throw a man from the balcony you do not know exactly the nature of the injury which you may be doing him.

I do not wish to take the time of the House with regard to the revenue estimates, which have been given to us. It has been said and proved—my Honourable friend Prof. Ranga brought it out—that all previous estimates have been as a rule exceeded. All previous estimates of expenditure have in many cases been exceeded. Therefore I do not wish to say much on this but with regard to the Capital Gains Tax may I point out that taking about 100 crores of transactions which have taken place during the last 12 months, including the promotion of limited companies which have acquired assets and taking 50 crores (which in my opinion is the lowest estimate) as the profits of those who sold at 5 annas in the rupee, it will come to 17 crores straightaway. This is only one item not to mention securities, bullion and stocks and shares which have been sold perhaps to the extent of about 150 crores or more. The estimate of the Honourable the Finance Member and his advisers was only 2 crores.

As to the question, when deficits are incurred, whether they should be covered or not, I will respectfully contradict my Honourable friend Dr. John Matthai when he said that the credit of India would otherwise suffer. The credit of India would suffer from financial maladjustment and financial mistakes but the credit of India would not suffer if in the course of putting its finances on the right footing you did carry a certain amount of deficit during the year.

May I know what has happened to about 20 crores which came from the thousand rupee note ordinance, which I have not been able to trace in the amounts which have been given to us. This is a nest egg which has already been more or less realised and I believe credit could have been taken for it in our deficit. I also think that the provision for reduction and avoidance of debt, in view of the fact that no money is going to anybody outside this country, is superfluous and at all events could have been suspended this year and a saving of 5 crores would have been made. I have already indicated that in my opinion the profit would be about 10 crores in the import and sale of bullion and I trust that having regard to other calls on his money, which the Finance Member may have in the course of the year, this source will not be neglected.

I think the Economy Committee which is expected to or ought to function immediately should be able to save this country something nearer 20 crores. There are various things which can be lopped off and I would submit that so far as the army is concerned and so far as many civil departments are concerned, the Finance Member should see that every appointment which did not exist before the war should be regarded as suspect and the wise men whom the Finance Member may choose for this Committee should go specifically into the question why any new appointment which may have been created during the war and other exigencies should continue today. I am not referring to the increases in the Government of India Departments. I do not grudge it. But it should be remembered that this country was at one time governed by only three Members and now we have fourteen. But what I do grudge is that there should be such a large army of deputy secretaries, joint secretaries, Directors and Controllers,—an enormous number of very highly paid men. Is it suggested that the man who gets Rs. 250 cannot do the same work as efficiently as another man getting Rs. 1,200? If anybody doubts it let him have a talk with any Major in the Indian army, and he would find that though the Major is paid Rs. 1,200 he is less capable than any other competent civilian officer who may be paid Rs. 250.

I find that the capital heads under the army has been abolished and there is a lump grant of 10 crores for the army. I trust that this sum will not be used for taking over superannuated derelict cruisers which Britain may try to pass on to this country. The United Kingdom have built during the last year no less than 1,200,000 tons of new shipping and they are also building new warships and so if we want to buy any, let us take from this new stock.

Rao Bahadur N. Siva Raj (Nominated Non-Official) For offence or defence?

Mr. Manu Subedar: The army has already absorbed about 20 crores of stores last year and will probably absorb another 20 crores worth next year and out of this outlay of 188 crores something could be eliminated. Disarmament is being talked about in other parts of the world and even if we do not disarm we ought to be able to reduce some little part of the army. In this connection I would repeat what I said before that there has been a scandalous neglect with regard to the demobilisation programme. It has gone wrong and it has been unduly delayed.

I want to know what happened to India's share of the sale of American surplus stores during the last year, which according to my calculation should have yielded about 5 crores, of which half belongs to India and during the next year I understand that as much as 100 crores worth of stores will come off for sale. If so what will happen to India's share of these stores and where will all this money be credited? Why has it not been taken into account with regard to the Budget?

I have suggested that in order to help procurement of the necessary articles the duties on steel, sugar, cloth, paper, timber and various other articles which are badly needed, should be suspended for the next two years and I also suggested that a duty should be levied on fine cotton entering this country in the interests both of the cotton producer of this country and in order to induce millowners to go in for greater production of coarser cloth, an article which is much in demand. I would certainly suggest an export duty on cloth. The reputation of this country in the eyes of the world depends on the manner in which we order our life and various departments of our life. This in my opinion depends entirely on the manner in which we handle the finances of the country. I have indicated only a few of the loopholes. I have many more which I have not been able to include within this short time, but I feel that this is one of the matters on which great responsibility rests with India's first Finance Minister. I trust that he will in all these aspects give serious thought to the points which some of us are able to point out to him and that he will so order

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the finances of this country that all departments of our life may be properly regulated and may grow and this country may achieve the reputation in the eyes of the world which it deserves

The Honourable Pandit Jawaharlal Nehru (Member for External Affairs and Commonwealth Relations) Sir, I am reluctant to intervene in this debate on financial matters but my friend, the Honourable Member who comes from the Frontier, referred to the Tribal Areas and severely criticised much that has happened or that is happening there. I would normally welcome a full discussion in this House about Tribal Areas in the North Western Frontier or the North East Frontier of India because it is a very important area from many points of view and on it depends many factors with regard to our policy. For the moment, however, I would just like to say a few words.

May I first of all say that I regret very much the immoderate language that the Honourable Member used? There is a very great deal in the Frontier which is open to criticism, which has been open and is still open to criticism. But if we start settling any problem in terms of individuals and personalities we are apt to lose sight of the principles involved. It is quite easy, and sometimes right, to criticise the individuals and personalities concerned. But it does not help really considering the main problem. I suppose if we went into the question of individuals, highly placed or low, in government service or in other services we will be able to find many who might well be replaced by better men or need not be replaced at all. But the problem of the Frontier is something bigger than that of the individuals. It is a problem created largely by British policy in the last hundred years or so. I do not now propose to go into the merits of that policy, it is a big question and there have been various schools of thought in regard to it. Possibly one may say that it succeeded in a measure. In another way it did not succeed. But the point is what was the aim of the British policy in India in the Frontier, because unless you know what the object of the policy was you cannot say whether it succeeded or did not succeed. I imagine from the point of view of the objective of British policy it largely succeeded. But that particular objective seems to me something entirely different from the kind of objective that we should have in the Frontier. Therefore, quite apart from the merits or the failure or success of that policy in the past, we have to review it completely in the light of new objectives that we may lay down. What are those objectives? How does the Frontier Area concern us? It will obviously, first of all because we are concerned with the well-being of the people in every part of India; secondly because the Frontier Areas are important defence areas and therefore we cannot treat them just as any other area; thirdly because in these Frontier Areas of the North West various things have been happening for a large number of years which have sometimes necessitated military operations and other measures to curtail the raids or activities of some Tribesmen. The House knows that those areas have been bombed. The House knows that there has been a long series of kidnappings, raids etc., in the past and sometimes it has continued in recent months for weeks, and as a consequence there have been military operations, either bombing from the air or other military operations. Now, obviously this in itself shows that there was something about the policy which continually depends on such military operations. You may have or you may not have air bombing. But some kind of military operations become essential if there are raids, if there is kidnapping, if there is general insecurity, because no government can put up with this kind of insecurity and the kidnapping and forcible removal of peaceful citizens. One has to meet that menace.

The Honourable Member pointed out that this is due to the fact that these people are poor, they have no gainful activities and therefore they have to make a living this way by kidnapping for ransom, etc. That may be considered as an economic problem as it is indeed to a large extent. Nevertheless one factor is

perfectly clear namely that however we tackle the problem—and we should tackle it in a way to remove the root causes of it—we cannot tolerate any raids kidnappings or any other violent incursions into settled territories. I am not at present going to lay down any policy that we are going to pursue because, frankly speaking, my own mind is not completely clear about it; also because this matter is being considered, or rather will be considered, in other places, by the Advisory Committee appointed by the Constituent Assembly. Because of that some steps that we might possibly have taken in further consideration of this problem have not been taken as we could not easily overlap in this manner. But let us see what are the main aspects of the problem. We do not wish to interfere in any way in regard to the life of these Tribal Areas, that is to say we do not wish to impose anything against their will. We want to leave them as free as possible to lead their own life as they like. At the same time we do not want them to interfere with the lives of others adjoining those areas. We cannot tolerate any incursions, any upsetting of the lives of others. We have to find an equilibrium between the two, and we have to look at this in the larger context of defence. Of course, we should like and we want to help them in every way, to raise their standard of living, to raise their economic status and to give them employment and various types of industries—cottage industries or whatever it may be—so that one of the motives which impels them to raid and kidnap will be removed, because I do not think the right way to deal with this problem is just by military means or pressure or punishment. The payment of what is tantamount to hush money has also been tried and that has succeeded for the moment. Fairly large sums of money have been spent in the Frontier on this account. I do not grudge the spending of that money in the Frontier. Indeed I should like more money to be spent there. But I do grudge to spend the money in the way it has been spent, which brings no results, no ultimate results in the improvement of the people, which just for the moment keeps them quiet. I think that money, and even larger sums of money, ought to be employed in effecting some radical change and in improving those areas economically, educationally and otherwise. That will be a fundamental improvement which will deal with the causes of all this trouble that we have had. How we are to do that and in what manner is not very easy to say immediately but I have no doubt that it can be done. It becomes ultimately rather a long distance programme not a problem which can be tackled immediately. However, undoubtedly, we have to do it and we are going to do it in that way. Again we have got to do it in a manner which does not appear to be an imposition from above, but which is largely in co-operation and with the goodwill of the people concerned, because it appears to me that if it is an imposition from above, it will fail to a large extent.

Various other matters come up for consideration in the Frontier as else where. There are various classes of people there and we are apt to think that they are all of one kind. But there are classes there undoubtedly and in a sense, in a vague sense, one might say there is a measure of feudalism there too. There are the Tribal chiefs, there are their followers and it does not follow that what is to the advantage of some of the upper class tribal chiefs is to the advantage of a large number of other people there. I believe that there is a certain class conflict developed to some extent there. Now, I do not want that class conflict to grow. I am simply analysing the situation. In the past the Government of India has largely dealt with these tribal chiefs either by paying them some form of subsidy or otherwise and thus enhanced the prestige of these tribal chiefs, whom they chose to honour and pay, and through them has controlled the others. How far even that is a practicable proposition in the future I do not know. I rather doubt it. In any event I think the time has come, in the Frontier and elsewhere, when we should not think in terms of the tribal chiefs or the upper chiefs but rather of the common man, of the masses there

[Pandit Jawaharlal Nehru]
and any policy that is evolved should take into consideration the raising of the mass level. If that is done, you deal with the situation in a radical and a more or less permanent way.

Personally I feel that the present set-up in the Frontier, the whole policy pursued as well as the administrative set-up is completely out of date. I think the arrangement there, under which many officers have a dual allegiance is bad. As the House might know, very often, an officer, say, the Deputy Commissioner, is responsible to the Provincial Government for his particular area in the province but for a part of the tribal areas he is not responsible to the Provincial Government. He is responsible to the Governor who is in charge of the tribal areas. This kind of dual responsibility has given rise to a great deal of trouble and it is illogical and unreasonable. Some way will have to be found to end it. Also, we blame sometimes rightly, sometimes wrongly, the officers there but we have to bear in mind that they have been trained to follow a certain policy. Now, that policy, whether it was right or wrong in the past, is not suited to present day conditions. It cannot be. We cannot, Free India cannot, think of the Frontier in the same terms as the British Government in the past. It simply cannot be done, whether we like it or not. We have to approach them in a friendly, in a co-operative way. If there is trouble, we have to put it down with a strong hand but nevertheless our whole approach is to be friendly and co-operative and not based on hush money and the like but rather on spending money in removing the economic difficulties and improving their standards. Therefore the present set up in the Frontier which has come into existence because of following that class policy does not fit in today at all. Many individual officers who are quite good in their individual ways and have carried out the old policy properly may not fit in when you change that whole policy, because they have been working too much in the ruts of that old policy and the whole question has to be considered as to how to introduce the new policy and change the present set-up so as to fit in with that new policy. We have to consider it. I hope that the House will at some time or other consider it and give us the benefit of their advice on the matter. And as I said, concurrently the Constituent Assembly has appointed an Advisory Committee for the Tribal Areas to go into this matter. That Advisory Committee is not, so far as I understand, going to take up this matter in near future that is in the next month or two. They will probably study the problem first and after two months, may be a little longer, they may desire to go there, merely in an exploratory way, meet the people there, discuss the matter with them and then possibly report. So, for the present, all I can say is this that we welcome the House taking an interest in this subject by way of questions and otherwise. I myself do not see what other big changes we can suddenly introduce at this moment although big changes are necessary.

Mr. Ahmed E. H. Jaffer (Bombay Southern Division, Muhammadan Rural) Sir, I need not take up much of the time of the House, for I have spoken on the Budget discussion and my views on the budget proposals are known but I should like to say that the scheme of the new general taxes suggested is rather heavy. I am indeed happy that it has been lightened by subsequent discussions and many of the features to which objection was taken during the Budget discussion have been modified. I hope that it will not interfere with the production and the flow of money as much as Mr. Tyson appears to apprehend.

At the same time I personally feel and believe that people who want to start industries may go over to the Indian States. I do not know what the policy of the Indian States is going to be but personally I feel that because there, there are no taxations, and industrialists in British India will be affected by this taxation, and might want to run away to the Indian States. I am afraid this will be a loss to British India. All the same I

hope that the Finance Member would watch and help those who are affected because world conditions are still unsettled.

Sir, I welcome the proposal to exempt properties in possession for over seven years. I also hope and trust that this principle would also apply to shares and securities, for I believe, I do not know how far it is true, that in America these are excluded from the scope of the Bill, especially those who hold this for a period of four years. When the value of shares is going down, it no doubt affects investors in banks and we saw the first result of it in Bombay where one of the banks crashed. I hope that this will not follow in regard to other banks. I do hope and trust that Government would consider the full effect of this action and take all steps through the Reserve Bank to prevent any bank crashing because small investors thereby will suffer. It has been the case in the recent crash of the A. B. C. Bank in Bombay. I would like to point out that the most urgent need of the hour is the cheap money policy of Government. I should expect the Honourable the Finance Member to tell us how he is going to continue the excellent policy of his predecessors in this respect. We want cheap money for large scale planning. I had hoped that there would be a reference to this in the Budget speech of the Finance Member but apparently he has good reasons for not mentioning it, but the time has come when we should be told what are the plans of Government in this vital matter.

Sir, on account of the fresh Budget proposals, greater responsibility will devolve on Income tax officers and those who are in charge of the estimation and recovery of these taxes. I would respectfully like to point out to the Honourable the Finance Member, now that a change in Government has taken place and now that we have India's popular Finance Minister at the helm of affairs, that he should issue definite instructions to the officers under him to see that the public are not harassed.

So far the public and especially the business people in India have not been treated fairly by the Income-tax Department. I do not want to raise any objection against these, particularly in my province, whom I have always found very courteous and very helpful. But I do feel that most of them, especially those higher authorities to whom our appeals go, do not care to look into the difficulties of the people. They want them to produce vouchers, which in these days of difficulties, it is very difficult for them to produce. This is particularly difficult in the case of those who have been carrying on contracts of transport and of catering. It is very difficult to obtain vouchers because at times goods have to be obtained from the black markets. What has been the practice so far in the Department is that if a businessman has received 2 lakhs of rupees monthly from the military authorities, they have laid down a certain standard of 30 per cent as the income on which they are going to pay the profits. This procedure is entirely wrong. The income-tax should be charged on the actual profits made by the firm concerned.

Then Sir, I would like to know what steps have been taken to take over the control of match industry and tobacco industry in this country. In this connection, I should like to make a few suggestions. There are two very simple industries in India the match and tobacco industries. Many countries in Europe after the last war went in for nationalisation and reaped a rich harvest. Why not this policy should be adopted here? I believe that we get from the tobacco excise duty 22 crores and 6 crores from the excise duty on matches. If we nationalise them I am sure we will be able to get 70 crores in respect of tobacco and 30 crores in respect of matches.

Sir, I would now like to refer to the expenditure on the Defence Department. As we all know—and this has been repeatedly stated on the floor of the House—the present expenditure of the Defence Department is indeed very heavy and now that the war is over it should be considerably reduced.

[Mr. Ahmed E. H. Jaffer.]

I have already referred in my previous speeches on budget discussion to the financial incompetence of the Defence Department. I was very pleased the other day when the Honourable the Finance Member, while replying to a question, assured us that he would personally see that the defence expenditure is brought down. I suggested that there was scope for at least 10 per cent immediate reduction. Referring to the defence expenditure, I would also like to point out to the difficulties which the contractors in India had to face in regard to the recovery of their claims from the Defence Department. I have received many complaints, particularly from those in the Southern Command area, that the contractors of transport who rendered services during the period of the war have not been paid their bills for the last two years. Lakhs and lakhs of rupees are yet to be collected and they have been sent from pillar to post. Similarly, there are hundreds of merchants in India who have yet to recover lakhs of rupees from those British officers who left India after the war was over. I must say that the Defence Department are very sympathetic towards them and they have expressed their entire helplessness in this matter. I feel that the Defence Department should wake up and take up the matter with the war Office in London and see that the Indian merchants, who have yet to recover lakhs of rupees, are helped and their money is recovered.

I would now refer to the question of Civilian Officers of the Ordnance Corps. May I point out a curious contradiction in the statement of the Honourable the Defence Member made in this House on the subject of Ordnance officers last week? He assured the House that he was perfectly prepared to give effect to the recommendations of the Nationalisation Committee. One of the Committee's recommendations, he admitted, was that Ordnance Officers Civilian, should not be retrenched till the Committee had finally decided about their future, and that the 135 notices already served should be withdrawn. Yet the Honourable the Defence Member has so far taken no action to implement this recommendation. The notices have not been withdrawn. Many Ordnance Officers Civilian, have already left the Corps, and unless immediate steps are taken all the 135 notices will soon have taken effect. This is a serious matter. The Honourable the Defence Member is, in effect, flouting the recommendations of the Nationalisation Committee. The Nationalisation Committee, Sir, does not make recommendations frivolously or lightly. The British are supposed to quit by next June. There is an acute over-all shortage of Indian officers in the armed forces. Is it wise in these circumstances to lightly brush aside the considered views of the Nationalisation Committee and allow these highly educated and trained semi-military officers to go before the Committee has decided upon the best method of utilising their services within the armed forces? I hope, Sir, that the Defence Department will not take its stand on prestige in a matter like this and will yet learn to co-operate unhesitatingly with the expert Committee that has been given the task of Indianising the forces within the shortest time possible.

In the budget proposals this year we did not see anything referring to the Postal Department. I had expected that this time we would have some sort of reduction either in the matter of carrying letters by post or reduction of surcharge on telegrams or telephone trunk bills, or telephone rental bills. During the period of the war we the businessmen in India had to face difficulties and we have paid heavily through our noses. This surcharge, as far as I can remember, was levied during the period of the war. The war is now over and I felt that at least the postal stamp would have been reduced from 14 annas to 1 anna and also the heavy surcharge that is now laid over telegrams and telephones should have been reduced, especially, as it has already been stated that the telephone service is not as good now as it was during the war. I see no justi-

heation why we should be asked to pay the same heavy amount as we are paying at the moment. There is a heavy surcharge on telephone bills and I do hope this matter will be considered and something will be done if not this year at least in the immediate future.

Then, Sir, I believe the Government is trying to bring forward a message rate scheme on telephones by which, besides the telephone rental, we would be asked to pay for every call one or two annas extra. I hope the Honourable Members of this House will oppose this scheme.

Then, Sir, I would like to refer to the heavy charges which we have to pay by air mail. At the moment we pay Rs. 1-10-6 for our letters to America, whereas for the letter which comes to India from New York they pay only 14 annas. I see no justification why this Government should do this profiteering unless they have special grounds for charging this rate. As you know, Sir, recently there has been a hue and cry on carrying letters by air mail and causing unnecessary delay. I must pay a tribute to the Honourable the Commerce Member who, since he assumed charge of office, gave an assurance to us in the meeting of the Standing Finance Committee and also in the Aviation Conference that he would agree to our proposal to send our letters by air mail by planes which moved in the same direction instead of sending letters by a plane which was going in one direction. I am very glad to say that since then, as far as I remember, I am sure my Honourable friend will support me when I say that we have had no cause of complaint in the matter of carrying letters by air mail. I suggest letters by air mail should be carried by both the services which run every day to Bombay. All the letters should be delivered the same evening, so that unnecessary delay could be avoided.

Today we read in the newspapers about a Trade conference meeting in Geneva very shortly. I must say that no commitments should be entered into by India which would militate against our newly born industries. We must not tie ourselves down to any policy pursued by any foreign power. We must pursue our own independent policy. As we know America is out to lowering the tariffs. In this connection, I am glad to notice that the delegation is going to be headed by the Honourable the Commerce Member himself. I am sure that the case of India will not go by default. I must also congratulate the Honourable the Finance Member for selecting eminent non-official Members of this House, I mean my Honourable friend Mr. Haji Abdus Sattar Haji Ishaq Seth and my Honourable friend Mr. Karmarkar who comes from my constituency. I am very happy that the Honourable the Commerce Member has given effect to the frequent requests and repeated demands made from this side of the House that non-official Members of this House should be associated in such overseas delegation. I am also very glad that he has taken a Member from the other Party. I congratulate him for this. I am sure Honourable Members of this House will wish them good speed and success in their great mission and greatest responsibility that lies ahead of them.

Prof. N. G. Ranga: Only the agriculturists are left out.

Mr. President: The Honourable Member's time is over.

Mr. Ahmed E. H. Jaffer: I thought I had 20 minutes to speak.

Mr. President: I have no objection to give any length of time to the Honourable Member. But I find that a large number of Honourable Members are anxious to take part in the debate. I also find that from about 3 p.m. there will be no further time for any non-official Members to speak. Therefore those Honourable Members who wish to speak should squeeze themselves between now and 3 p.m. and adjust their speeches. If any Honourable Member wishes to speak at greater length, then it means other speakers will be crowded out.

Mr. Ahmed E. H. Jaffer: Then, I have done

Dr. G. V. Deshmukh (Bombay City Non-Muhammadian Urban) Sir, the Bill before the House has been alternately praised and condemned by speaker quoting authorities for their support. Now, Sir, when experts differ, I think it is high time that a common man, an ordinary man like me who does not know much about the principles of economics should intervene. It does seem to me that there cannot be any settled principles of economics, indeed there may be as many economic as there are persons. Economics cannot be termed an exact science in the same way as chemistry can be called an exact science or physics can be called an exact science. We see one expert saying that the budget should be balanced, others say balancing of the budget is not necessary. The free trader of today becomes protectionist at some other time, the protectionist of one time becomes a free trader of the other time. Therefore I feel emboldened to intervene in this debate if only to put the point of view of my constituency with which I entirely agree. Sir, what is the point of view of my constituency, which as you know is a commercial constituency and which pays a good bit of income tax to the Finance Member, I mean the constituency of Bombay paying income tax. They think, and I entirely agree with them, that this budget as it is now framed will certainly make the capital shy. It will interfere with the industry and it will interfere with production. I personally think that I have no reason to disagree with the view taken by my constituency.

Sir, in the short time at my disposal, I do not want to urge this point on this House because I feel that it has been sufficiently discussed by other Honourable Members who took part in the debate. What I want to urge on the Finance Member, and here I do not want to criticize him, I say 'render unto Caesar that which is Caesars' and acting on this principle I say that the Government have a right to tax the people and the people ought to be prepared to submit themselves to that taxation and give the taxes, if not cheerfully, at any rate submit to the taxation. But I refuse to admit that the State has only the right to tax and that the subject has no right of his own. I say that just as I feel it is the duty of the people to pay taxes to the Government, I say it is the duty of the Government in spite of their being in power to see that the human beings under their charge in the State are properly supplied with the ordinary comforts, that they are free from anxiety, free from harassment, free from blackmailing by the Government officers. I think it is incumbent on the part of the Government, and also on the part of the subjects, to fulfil their mutual obligations. Well, Sir, under these circumstances I feel that we have gone all over the world borrowing principles of taxation. Whereas all other countries have a taxation policy of their own, we, in India, go to England. If we do not find taxation principles in England we go to America, we go to the antepodes. We borrow those principles of taxation. What I want to ask the Finance Member is this. Are the Finance Department so blind that whereas they are so fully alive to the ways of taxation prevalent in other countries, they completely ignore the relief that those countries give to the subjects, relief which is inherent in every kind of taxation. When the Income-tax Bill was on the anvil in 1939, unfortunately at that time the Finance Member was a foreigner, Sir James Grigg, and he did not pay as much attention to the reliefs given in other countries, as he should have done. I say today times have changed. We have an Indian Finance Member and therefore he must look at it from the Indian point of view. At that time when the Income-tax Bill was under discussion, I pointed out to the then Finance Member that while he was borrowing taxation principles from England why not give relief to the State subjects on the same principle as they give relief in England. Sir, I have no time to dilate on this point, because the time at my disposal is short and I have to get through a lot of

points which I have to submit to the House. In England relief is given on marriage, for wife and children, for dependents, for education of children and so on. In this so called socialistic democratic budget, do I see anything of the kind, any relief given to the common man? It is all right to tax the people. But what is taxation for? Taxation is not merely to collect money, taxation is the ways and means for making the subjects happy and those principles of taxation should be carried out. Otherwise there is no justification for taxation at all. Whatever modern theorists may say about taxation I say so long as the economy of the country is not similar or does not accord with the Soviet economy, there is no use of telling us about Soviet economy, in this country where there is at present a capitalistic system in existence. I say it is only throwing dust in the eyes of the public. Therefore my suggestion to the Honourable Finance Member is this, side by side with this, in this democratic regime, in the principle of relief just as you are expanding the ways and means of taxation, enlarge the relief, enlarge the principle of relief to the greatest extent possible. I, for one, and I know that many would cheerfully submit to taxation provided we feel that we are relieved from the anxiety moment on our being subjects of the State. Applying this principle of relief to the ordinary income-tax payer I say that if the Finance Member wants to have any distributive justice, any socialistic kind of budget or any idea of fairness, then he must consider what concessions he is going to give to the family members of the income-tax paying man. Besides, Sir, you know that this country is a country where there are many dependents on those people who earn. Even in a country like Australia I find that a concession for two dependents, for nurses to children etc., are given. The Finance Member should adopt this principle.

Mr. President: The Honourable Member has two minutes more.

Dr. G. V. Deshmukh: I thought I would be allowed 20 minutes like others. If not 20 minutes, at least a quarter of an hour. I have just begun my speech and I have still many more points to cover.

Mr. President: I have no objection to giving the Honourable Member as much time as he requires. But as I said just now when Mr. Jaffer was speaking, the time has been rationed by agreement of parties, and the request that has come to me shows the allotment of time which each party proposes to give for particular speakers. I have no objection to giving the Honourable Member the whole time up to three O'Clock provided the time is debited to his party's account. Other speakers will be crowded out.

Dr. G. V. Deshmukh: I submit to whatever you say. From the way in which discussion has been going on till now, I thought I would be given at least a quarter of an hour. But if you want me to finish in two minutes, I have no objection. I shall just run over.

Mr. President: Let the Honourable Member run over.

Dr. G. V. Deshmukh: I say if this principle of relief is applied to B. P. T., then the Government must logically talk of nationalisation. It is no good robbing people of their business profits and doing nothing except carry in the capitalistic system of economy and then fleece them. Take whatever they earn from their individual private enterprise by this kind of taxation and do nothing for them in return. This is not equitable. If you apply this to the B. P. T. I think the suggestion made by my Honourable friend of the European Group yesterday should receive consideration, namely, that there should be a division of productive and unproductive capital, i.e., capital that is ploughed back into the industry.

[Dr. G. V. Deshmukh.]

With regard to the Commission that is going to be appointed I have no objection to it. But you know what country this is, what laws we have and what kind of administration there is. I urge on the Finance Member that the members of this Taxation Commission should not only be above suspicion but should continue to be above suspicion because their environments and temptations are going to be very bad. Not only should the laws be improved but the administration also should be improved. I do not think it right that for the purpose of this Commission the Evidence Act should be abrogated or the right of appeal should be denied. Sir, I had a lot more to say on this, I come from a constituency which pays more than 50 per cent of the Central Government's income-tax. My constituents wanted me to speak out on this but as my time is up I will say only one thing in conclusion. I know there have been black marketeers. But for a few rotten trees in the forest the Finance Member cannot burn the whole forest. In other words, in getting at these industrial black marketeers and tax-dodgers he must not damage the entire industry in any way. In trying to get rid of the dirty water in the industrial bath—the crooks and the parasites—he must not throw out also the industrial baby and the people's welfare along with the dirty water which he will be throwing out.

Maulvi Abdul Hamid Shah (Rajshahi Division, Muhammadan Rural). Sir, at the very outset I should like to offer my unstinted praise to the Finance Member for the courage with which he has presented this Budget. For the first time the budget, I must say, shows the touch of a man who is deeply conscious of the sufferings of the common masses. He has been bold enough to lessen the disparities of incomes and attack the underground and unsocial activities of big business. He could do more than what he has done and the common people would have welcomed some relief. He could have reduced the taxes on kerosene, tobacco and betel-nuts, which are necessities for the daily consumption of the common people. Along with these reductions he could levy an estate duty which last year the then Finance Member proposed to do. These taxes when they are passed by the Select Committee have suffered deterioration and after what the Finance Member told us the other day they have suffered further deterioration. One argument advanced by the Chambers of Commerce is that through these measures industry cannot expand and so it will be detrimental to the country. But some years ago I read a speech made here by Mr. Jamnadas Mehta in which he said that England which is one of the most industrialised countries in the world has more taxes than what the Finance Member proposed here. I know that the will of the capitalist will prevail and Government is completely in their hands and the country also is in the mercy of these capitalist black marketeers. Their conduct has often been brought to the notice of this House but the Government reply always has been that they are conscious of these and are trying to do their best, and so on. This kind of thing takes us nowhere. I regret to say that the advent of the Interim Government has brought no amelioration of the condition of the people or the prevention of corruption. Nowadays necessities of life like food and cloth have become scarcer than ever. We are told that the production of cloth is too low to meet the normal demands of the people but any amount of cloth can be purchased in the black market if the buyer is prepared to pay more than the legitimate price. Again ready-made garments are very much available. One cannot buy two yards of longcloth or two yards of shirting, but one can buy two dozen shirts if one is prepared to pay fancy prices for them. It is surprising that so little has been done to check this inflation to end corruption and to augment the supplies. Government should take more drastic steps than they have done so long. Half-hearted measures

or sentimental appeals to these black marketeers to stop their mischief, will not do.

Then, Sir, I will deal with grants to provinces. Attention does not seem to have been paid to the fact that during the war years certain provinces accumulated huge funds for their development schemes while other provinces near the theatre of war could not build up any fund to go ahead with their own schemes. I am speaking for Bengal. The other day my Honourable friend Pandit Maitra criticised the Bengal Government for misusing their money and appealed to the centre to take the Bengal Government to task. A suitable reply can be given to that but in accordance with your ruling that it is beyond the scope of this debate I will not go into that, specially as I fear some bitterness may be created by that. Due to the denial policy of the Central Government Bengal suffered heavily from devastation and famine and so she deserves special treatment at the hands of the centre. And she can legitimately demand it because I think she pays more taxes on jute and tobacco and tea than other provinces. The Bengal Government presented a deficit budget this year. If Bengal is to be rehabilitated, she needs special attention from the Central Government.

Now, you will please allow me to say something with regard to the constituency to which I have the honour to belong. I belong to Rajshahi Division to the northern part of Bengal. River Brahmaputra on the eastern boundary of this Division runs north to south comprising four districts. The land in this riparian area is fertile and culturable, but the agriculturists of this place suffer very much if there is flood in the early part of June. They cannot reap the crops namely *aus* paddy and jute due to the sudden entrance of water. And again in the month of September if there are heavy floods the *rain* crop *aman* paddy is damaged, with the result that all the efforts of cultivators go waste. If these floods can be checked and controlled I think this area can produce sufficient food for the use of the general population. I hope the Central Government, which is spending so much on their grow more food schemes will take steps to move the Central Irrigation Commission to investigate into the causes of these floods and prepare a scheme in co-operation with the Provincial Government which will prevent all this waste.

Another matter which I would like to mention is with regard to Burmese Refugee Organisation. I am referring to one particular refugee camp which is located in Subinagar in the District of Rangpur of Mr. Gho's fame. There were about 40,000 refugees in this camp most of whom have already left and the remaining refugees are going away very soon. I think this camp will soon be demolished. Round about this camp there are thousands of acres of land which is lying uncultivated due to want of irrigation. If the Agricultural Department or the Food Department of the Government of India could take some steps to provide irrigation facilities it will be to the benefit of the general public. Sir, I have done.

Sree Satyasriya Banerjee (Chittagong and Rajshahi Division Non-Muhammadan Rural). Mr. President, Sir. Whatever differences of opinion there may be about the budget proposals, however much can be said for or against them it is an event firstly because for the first time in the history of British rule in India it has been presented on behalf of a people's Government by an Indian Finance Member. Secondly because for the first time social objectives have been prominently kept in view. The Hon'ble the Finance Member has been pleased to observe in paragraph 46:

"India is a land of glaring contrasts and disparities, we have here on the one hand a class of multi-millionaires rolling in wealth and holding the economy of the country in their grip by exploiting for their own profit the labour of the poorer classes and on the other hand the vast multitudes who eke out, somehow or other, a miserable existence precariously near the starvation line."

And his proposals relate to the removal of these glaring contrasts and disparities.

[Sree Satyapriya Banerjee]

I would have been grateful to the Honourable the Finance Member if the Budget which he has presented before the House had really gone a great way to the removal of this inequality. But I am sorry to have to say that it may be that his proposals may succeed in making the rich not so much richer as it would otherwise have been, the case but his budget proposals will not raise the poor to a level at which we should like them to see.

Mr. President: The Honourable Member may resume his speech after lunch.

The Assembly then adjourned for lunch till Half Past Two of the Clock.

The Assembly re-assembled after lunch at Half-Past Two of the Clock. Mr. President (The Honourable Mr. G. V. Mavalankar) in the Chair.

Sree Satyapriya Banerjee: I was saying before lunch that this budget will be an event firstly because it is presented for the first time in the history of British rule in India by an Indian Finance Member on behalf of the peoples' Government. Secondly, because social objectives have been prominently kept in view of this budget, thirdly because a wrong has at long last been righted, a wrong which has been continued to be perpetrated on the unfortunate and helpless people of this country since the days of John Company—a wrong for the removal of which nationalist India has been persistently and consistently demanding—a wrong which has been the starting point of the historic movement inaugurated by the famous Dandi march of Mahatmaji and which culminated in the 'Gandhi-Irwin Pact'. I mean the salt tax, Sir.—This wrong has been righted in spite of protests, vehement protests from expected quarters.

It has been said it is a socialist budget. If, Sir, it is a socialist budget, then I say that socialism has to be reconsidered. It is not a socialist budget. There cannot be any socialist budget unless there is socialist economies in the country based on the abolition of private property and if I may say so, the economics that obtains here as also elsewhere, save and except Soviet Russia is capitalist economies and there can be no socialist budget in an atmosphere surcharged with capitalism. And I am supported by the Finance Member himself when he says in paragraph 46: 'I am not one of those who consider the abolition of Private property as the only remedy of these ills.'

Sir, the budget is the balance sheet of the nation—a nation that is and a nation that you want it to become. But I am afraid, I cannot congratulate the Finance Member when the budget is viewed from this perspective. What do we find today? We find a nation without food—a nation without clothing, a nation without education—a nation without health. Not one of these Departments has been tackled, not to call it successfully in these budget proposals. The revenue which has been estimated at Rs. 279 and odd crores, Rs. 188 and odd crores have to be taken out for defence expenditure. What remains, Sir, to rehabilitate the people in education and in all other sphere of their lives? Not even 100 crores. Is it not mockery? Is it not playing with the lives of 400 million of people of this country? I will ask the Finance Member to take a leaf out of the book of Soviet Russia and remind him, in the words of the great economist Pigeon in his book Socialism versus capitalism says that the most important of all investments is investment in the health and intelligence and character of the people. Defective economy in this field would be a criminal offence. Sir, I think I am not far from the truth when I say that the present Finance Member has been guilty of this criminal offence.

I will not dilate on other points because the time at my disposal is very little. I will now come down to grievances that I think ought to be placed before the House. I think I shall be failing in my duty if I did not refer to the problems of I. N. A. men. These problems can be classified into three categories.

the release of I N A men, the payment of arrears of pay of the I N A men and the rehabilitation of the I N A men by way of appointments in Government services

Mr. Sasanka Sekhar Sanyal: There is no one from the Defence Department to take notes!

Sree Satyapnya Banerjee: I find that there is no one, as my friend reminds me, to take notes of these points. I hope the Honourable the Finance Member will take down notes for him and hand them to Defence Member in charge for reply and necessary action.

An Honourable Member: Wall have ears!

Sree Satyapnya Banerjee: I know. That is in Shakespeare. The I N A men have been rotting in prison. They thought that with the advent of the Interim Government they would be released. They thought also that their arrears of pay would also be met. They thought also that they would get services under the Government. But all their hopes have been belied. And hopes deferred maketh heart sick. A respected member of the I N A writing to me says "You possibly know that our arrears of pay have been forfeited by virtue of a special ordinance promulgated by the Viceroy." I do not know about this myself but if it is a fact, the Secretary of the Defence Department will enlighten the House about it. Sn, the I N A is a sacred trust in the hand of the Interim Government and whole country is looking forward to that day when it will discharge that trust to the satisfaction of the I N A men and the people in general.

Another important matter relating to the department of the Honourable the Finance Member himself is this. Yesterday's papers brought out the news that the Secretary of the Department is going away and in his place Mr. Turner is going to be appointed superseding one of the most able and senior officers of the Department, I mean Mr. Narahari Rao. I hope the Honourable the Finance Member will personally look into it and right the wrong.

Then I hope I will not be guilty of raising any communal issue when I say that in regard to the Dacca post office there is a demand from a certain community to remove it from the place where it is now. I hope and trust that this demand will not be conceded, because it is as unreasonable as importunate and undesirable.

I will, Sn, conclude by saying that I am happy that a compromise has been effected on the financial proposals. I see in it the prospect of coming events that are already casting their shadows before. I hope this spirit of compromise will deepen and extend to the most important sphere of national life at the present moment. I mean the framing of the constitution of a free independent, undivided and united India. If that is done the compromise will have its own reward and the people a vision of a glorious future.

One word more, Sn, and I have done. We have come to a stage in our national life when we must either plan or stagnate, decay and perish. Planning of all our resources, animal, human and material on truly socialist lines is the only means which if properly worked out would help to build up an India in which there will be abundance of wealth, abundance of health, abundance of education, abundance of intelligence, abundance of culture and abundance of every thing else that goes to make life worth living.

Sri Jagannathdas (Balasore cum Sambalpur Non-Muhammadian) Sir, I congratulate the Finance Member for abolishing the salt tax, which has inspired the common man of the country with the feeling that he has his own men at the helm of affairs. Regarding the other aspects of the Budget I leave it to better equipped men to deal with. I have neither the time nor the inclination to go into them. I am here to voice one of the demands of my own province.

[Sri Jagannathdas]

This province was created in 1935 and it is going without a capital for these five years. The government has no building of its own nor a capital of its own and they are driven from house to house. At present they are having their offices in an old dilapidated building. They wanted two crores of rupees. It is not a big sum for the Finance Member of the Government of India to find somewhere from the large sums that he is going to distribute to the Provinces. He could easily give this amount had he intended to do so.

This province of mine was a very prosperous province before the British came to India. It had its sea ports till the latter half of the 18th Century. From every part of the world people came there to trade in this country, people from France, Holland and England, so much so that the father of one of the famous Prime Ministers of England the Earl of Chatham, came to Orissa as a trader and there bought the famous diamond called the Pitt's diamond. These ports have been neglected and their ruin has brought poverty and disease to the province which are its common features now. When the province of Bihar and Orissa was created in 1911, Orissa was attached to Bihar for the main purpose of giving a sea port to that newly created province. The rivers in the province are silting up and instead of being an advantage to the province they are proving very harmful to the land. A sea port is badly required for the province, because the Railway Department are going to open new lines to tap the almost untapped and unexploited forest and mineral resources of the province. For this purpose a port is urgently required either in Balasore or at the mouth of the Mahanadhi river at the 'Falls Point'. The Finance Member when he replied to a question put by my Honourable friend Mr. Madandhari Singh said that he would advise the Government of Orissa not to build their capital now. I might tell the Honourable Member that it is a requirement which wants very urgent help from the central Government now and I appeal to the Honourable the Finance Member to grant 2 crores of rupees at once to Orissa Government for the purpose.

Pandit Mukut Bihari Lal Bhargava (Ajmer-Merwara General) : Mr. President, I rise to raise my solitary voice on behalf of what are known as the Chief Commissioner's provinces. They are under the direct administration of the Government of India and they have perhaps been the worst sufferers at the hands of the Central Government. Unprecedented autocracy has been prevalent in these provinces throughout British rule, the Chief Commissioner occupying a position which is just like that of a Nawab or a Maharaja and the conditions are reminiscent of the mediaeval ages are still prevailing there. Even in New Delhi and Old Delhi which are the Central capital of India you find anti-democratic and reactionary influences. The local boards and the municipalities are of a reactionary type and it is an official Chairman who still presides over the New Delhi Municipality and the entire municipality is a nominated body. The conditions in Ajmer Merwara which I have the honour to represent in this House are no better. The district board is of a very reactionary type and its members are swelled by ex-officio and nominated members. With the advent of the National Government the people of these centrally administered areas naturally entertain great aspirations and it is the paramount duty of the Central Government that they should bestow their best attention upon these areas which are directly administered by them. In respect to questions relating to other provinces, when they are raised on the floor of this House, they are shelved on the ground that they are provincial subjects but so far as Delhi and Ajmer-Merwara and Baluchistan are concerned this cannot be said for every act of omission and commission in these areas it is the Central Government which is responsible. Owing to the very limited time at my disposal it is not possible for me to dwell upon the various aspects of the administration in my province. But I would like to draw the attention of the Honourable the Finance Member to the fact that whereas in all reformed provinces of India like U. P. and other provinces the

Provincial Government is going to take steps to curb the drink evil by means of prohibition, if you refer to the excise revenue of Ajmer-Merwara you will find that the excise revenue which was only Rs 6 lakhs in 1939-40 has been raised to Rs 18 lakhs in 1945-46. The drink evil is spreading like anything and I think it is the duty of the Central Government to patronise the policy of prohibition and curb this evil in the general interests of the masses of these areas.

Similarly, Sir, in respect of education, even in the post-war scheme I am sorry to mention that Ajmer-Merwara has been given a very step-motherly treatment. As revealed by the census of 1941 the percentage of literacy there was only 8 per cent whereas here in Delhi, as the census of 1941 shows, the percentage of literacy was as high as 27.7 per cent. Still we find in the present Budget figure that only Rs 2 lakhs has been allotted to Ajmer-Merwara for education, while not less than Rs 64 lakhs has been allotted to Delhi. Simply because Delhi happens to be the capital as also seat of the Cabinet Ministers it does not mean that any differential treatment should be meted to a province like Ajmer-Merwara. Its historic importance is by no means less. It is still the centre of Hindu as well as Muslim culture. We have got in Ajmer Khawaja Moinuddin Chisti's shrine to which Muslims from all parts of the country go for worship. Similarly Pushkar Lake is the guru of big places of pilgrimage in India. Consequently its historic importance which has been there from ancient times is intact. I respectfully submit that the Central Government should bestow its attention in the proper degree on Ajmer-Merwara.

Similarly is the case in respect of Public Health, I was surprised to learn from an answer to a question of mine a few days back that there is no Department of Public Health still in Ajmer Merwara. Only Rs 3½ lakhs has been allowed for the reorganisation, or rather the introduction of the Department of Public Health.

In rural areas there is only one primary school in 7.7 sq miles. Even secondary schools there is no vocational education imparted, like handspinning or weaving or similar vocational training. As for technical training there is no scope. There is no medical college, no Law College and nothing of that sort. My submission therefore is that the duty of the Government of India so far as the centrally administered areas are concerned is very heavy. In fact the administration of these areas should serve as a model to all provinces. I hope that the matter will receive due consideration now that there is a National Government at the centre.

The introduction of the Advisory Council recently by Government is a step in the right direction. We hope that the experiment will prove successful. I hope that the Honourable the Home Member will see that the Chief Commissioner in respect of the Advisory Council acts only as a constitutional head, otherwise the benefit that is sought to be introduced by the Advisory Council will be negatived. If he behaves as the constitutional head so much so that the decisions of the Advisory Council may by convention be binding upon him, then and then only can there be reform in the administration. Otherwise it will be almost a continuance of the very same conditions. I hope that with Sardar Vallabhbhai Patel, our revered leader, at the helm of affairs democracy will be established there and that the voice of the Advisory Council will not be of a formal but of a binding character upon the Chief Commissioner.

Mr. B. P. Jhunjhunwala (Bhagalpur, Purnea and the Sonthal Parganas Non-Muhammadian). Sir, at the outset I want to say that the distribution in this country and also in other countries is highly uneven and it is inhuman to let it drift. While introducing the taxation proposals the Honourable the Finance Member said that one of the objects of the taxation proposals was that there was deficit and he wanted to meet the deficit. The other thing he said was that it was a kind of social measure also. Sir, I have looked for the social measure in vain in the speeches of the Honourable the Finance Member.

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and of those who supported save except fashionable slogans I thought that the Honourable the Finance Member will give us a plan for greater production in the country so that there may be some employment for the poor as well as for the middle classes and increase the wealth of country for utilising the same for the poor. Instead of doing that he has taxed the rich, thereby concluding that simply by taxing the rich he will be doing a great good to the poor as well as the middle class people. Sir, so far as the B P T is concerned it will affect more the middle class people rather than anybody else. In most of the companies there are middle class shareholders. If the dividend on their shares is limited and if B P T is levied the whole burden will fall on these middle class people. They subsist only on the dividend they get. There are many Parsi widows who are holding shares and their subsistence demands only on them. Nobody has taken into account as to how far it will affect the middle class people. The Honourable Member has also said in his speech that most of the shareholders are middle class people. If the income of a particular individual does not exceed the taxable amount in that case the income-tax will be refunded to him, similarly if any proviso is added in the Income-tax Act that this B P T will also be refunded to such persons whose income does not exceed the taxable income limit, in that case there will be some relief to the middle class people and the helpless widows.

I do not think I have got so much time as to dilate upon the subject that it is neither a poor man's budget nor a middleman's budget. And a rich man's budget it is not—that is what the Honourable the Finance Member has himself said. But my Honourable friend Mr Tyson who is a great economist and I should say that he is a practical economist, without debbling into the niceties of economic principles has explained to the House very well that this budget of the Honourable the Finance Member will cripple the industries. This will hit the poor and the middle class people more. I was expecting that the Honourable the Finance Member after there has been discussion of the General Budget would give us some concrete scheme by which there will be industrialisation in the country, even if the rich people cannot go on with the small income which will be left with them, as there will be no incentive to start the work. He did nothing. He simply said that there were applications before the Examiner of Capital Issues to the extent of 280 crores of rupees and out

of that 268 crores have been allowed. From this he concludes that industrialisation is sure and even if he levies the tax, it will not affect industrialisation in the country. When there has been no application from the shareholders to take shares or anything of the kind, I cannot understand how the country will be industrialised simply because the Examiner of Capital Issues has given permission for floating of companies to the extent of 268 crores. Beyond saying this, he has not said anything. This betrays his utter ignorance of the subject. Then he said one thing more. He said if the capitalists do not come forward and take it into their head to go on with industry, then he will take to some other course. I have not been able to follow what course he will take but what I conclude from his speech is that he will take to national planning and the industries will be nationalised. In this connection I have to bring to the notice of the House one concrete example. You and the House will remember—I do not know whether it was specifically brought to the notice of the House or not—that the country requires fertilisers for greater production of food. In order to have fertilisers, many private leading industrialist and firms had approached the Government in order to have license for starting fertiliser factories. This was in the year 1944. Instead of granting license to them it was decided that the factory will be started by the Government itself. In 1944 there was a technical commission appointed and it gave a full scheme for the fertiliser company but the Government has not been able to produce anything yet. If the

thing had been left in the hands of private enterprise I am sure they would have been able to produce fertilisers in India, but the Government is still proceeding with this information and that information in spite of all the resources at their command. The result is that we have had to import 8 crores worth of fertilisers from foreign countries 8 crores every year is going to foreign countries and to add to this then we have to beg from them and say— you kindly oblige us and save us. Last year we did not get as much as was required and most of the crop had to go without fertiliser with the result that we did not get the same quantity of produce as would have been the case if fertiliser was applied. Further the fertiliser we imported and one importing cost us twice as much as it would cost, if we manufactured them in India. The technical commission said that we can produce in India sulphate of ammonia at the rate of Rs 120 per ton, while the imported stuff cost us 245 rupees per ton. It means that the cultivators have to pay four crores more every year which goes into pockets of the foreigners and adds to the cost of production. If the country is to nationalise these things, we have to take into account whether we are in a fit position to do it or not. Merely to say that we shall take to some other course is no good. If that is not so then this is not a poor man's budget, or a middle class man's budget. It is certainly not a rich man's budget. It is a foreigners' budget. The wealth of the country instead of remaining here will go into the pockets of the foreigners and they will produce more and more and dump their goods here.

Mr. G. S. Bhalja (Government of India, Nominated Official) Government have noted the general demand for reduction in defence expenditure. While appreciating this demand, I would like to point out that this expenditure has been brought down at a very rapid pace. I suggest that it is fallacious to compare the estimates for 1947-48 with those for 1938-39 or for 1941-42. The comparison should rather be made with the expenditure for 1945-46 and for 1946-47. The peak expenditure on defence services was Rs 458 crores during 1944-45. The expenditure for 1945-46 was reduced to Rs 395 crores and the revised estimate for the current year is Rs 240 crores. The budget estimate of Rs 188 crores for the ensuing year 1947-48 therefore represents a very big reduction. The demobilisation programme has progressed fairly satisfactorily and it is hoped that by the end of 1947-48 the strength of the armed forces will approximate to the ultimate post-war forces about which a decision is likely to be taken by Government in the very near future.

For the sake of comparison it would not be out of place to mention here that the United Kingdom is far from achieving complete demobilisation by the end of 1947-48. It is understood that at the end of that year the strength of the forces in that country will stand at a much higher figure than the ultimate post-war strength that country is going to have. We are as anxious as the House to bring down the cost of the defence services to a figure which the country can afford. The Government have drastically pruned the budget and have made severe cuts in the original provision recommended by the service authorities. We are anxious to save every pie and shall observe a strict watch on the expenditure during the course of the year. We shall make every effort to effect economy and in this task, Sir, we shall be assisted by the Economy Committee announced by the Honourable the Finance Member in his Budget speech. This Committee will have an opportunity to scrutinise the expenditure on the armed forces in detail and its advice will be welcomed by Government.

Sir, more than one Honourable Member in this House has commented on the training aircraft in use for the R I A F. It was suggested that this aircraft was obsolete and unreliable. This is not so. The training aircraft at present in use by the R I A F are *Tiger Moths*, *Harmonds*, *Oxfords* and *Spitfires*, Marks VII and XIV. With the exception of *Spitfires* Mark VIII,

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which have been used up and are no longer available in U K, all these aircraft are in current use of R. A. F. as trainers. If they are good enough for the R. A. F., presumably they should be good enough for the R. I. A. F. *Spitfire XIV* is still the equipment of certain R. A. F. squadrons and no Mark of *Spitfire* aircraft has ever been condemned. *Spitfire, Mark XIV*, was grounded in India on one occasion on account of magneto difficulties.

It may be that neither the R. A. F. in India nor the R. I. A. F. is equipped with the latest type of aircraft. The *Tempest, Spitfire, Mark XIV* and the *Dakota* with which the R. I. A. F. is equipped are still in current use in the R. A. F. outside India. The latest development in aircraft is the jet propelled and turbine engine types. It remains to be seen, as a result of the experience which is being obtained elsewhere, whether these types are suitable for use in tropical countries. The *Spitfire XIV* is a well tried and normally reliable aircraft. It is true that there have been some accidents in India of this type and a searching and high level enquiry is proceeding to determine their causes.

It has been also stated by my Honourable friend that the Air Headquarters are only manned by R. A. F. personnel. This is not correct. The fact is that on the 1st March 1947, the number of R. A. F. officers was 200, R. I. A. F. officers 76, R. A. F. Airmen 331 and R. I. A. F. Airmen 333. In this connection, it is necessary to remember that when the war started in 1939 there was only one Indian Air Force squadron which was then in the development stage. It was equipped with *Wapiti* which aircraft came into service in 1930 and was a first class type for India's main needs at the time, which were Frontier watch and ward.

It was also stated by the same Honourable gentleman that there was duplication of work inasmuch as, besides the Labour Department, which is responsible for the resettlement of ex-service personnel the G. H. Q. had also a Re-settlement Directorate. The facts are that the war came to an end much earlier than we had expected and much before our plans for demobilisation and re-settlement were ready and the Labour Department was not fully equipped at the time to perform its task. That Department has, however, now absorbed a considerable amount of re-settlement work and a rapid run-down of the re-settlement directorate is progressing. The need for economy is fully realised and during the months of April and May 1947 only a staff of 8 officers will remain in the G. H. Q. and this staff will also be disbanded in May 1947 when the Re-settlement Directorate will cease to exist.

Again, my Honourable friend stated that the armed Forces Nationalisation Committee had recommended that three-fourths of the armed forces could be nationalised straightaway and gave instances of certain Directorates which could be nationalised in this manner. Sir, I have ascertained from the Armed Forces Nationalisation Committee that they have not yet reached any conclusions and they are not yet in a position to make recommendations on this subject. Government are awaiting the report and, as stated by the Honourable the Defence Member the other day on the floor of this House, Government have every intention of implementing the recommendations of this Committee to the best of their ability. As this House is aware, the British Government have declared their intention of transferring responsibility for the Government of this country to the Indian people by June 1948. The Armed Forces Nationalisation Committee are engaged in the task of examining how best to help in smoothly effecting this transfer of power by making well-considered plans for nationalisation of the higher ranks of the armed forces by June 1948.

Then Sir, there was criticism about the composition of the Indian Contingent in Japan. A point was made that there was no Indian officer in the Brigade Headquarters in the Indian Contingent in Japan. I have stated before in this House that it would not be in the public interest to publish the details of the composition of the Indian Contingent in Japan. I shall, therefore, content

myself by saying that the Contingent is commanded by an Indian officer, namely, Brigadier Shrinagesh and that there are three Indian officers on the Brigade staff

Sardar Surjit Singh Majithia (Punjab Landholders) Out of how many?

Mr. G. S. Bhalja: I am not prepared to give further details. Whatever that may be, Government have already announced their intention to withdraw this Contingent as soon as possible.

Then, Sir, the same Honourable gentleman observed that Government had declared no policy about the future of the military medical service and that in the I M S recruitment was proceeding on the basis of two British officers, to one Indian officer. Apparently, he is not aware that the recruitment to the I M S stopped in 1939 and has not been revived again. The future military medical service in India will be the Indian Army Medical Corps. The I M S will be wound up along with the other services of the Secretary of State and the recruitment to the I A M C will be restricted to statutory Indians only.

Then, Sir, my Honourable friend Mr. Tamizuddin Khan referred to the speech of Brigadier Nathu Singh, Director of Selection of Personnel, to the effect that the right type of young Indians were not coming forward to serve as officers in the three services. What Brigadier Nathu Singh said is a fact. He rightly observed that India's position in the world depended on the quality of men who officered the three services. He emphasised the qualities which would go to make a good officer, namely, leadership character, personality, grit, devotion to duty and, above all, love of one's country. The Honourable gentleman rightly stressed the need of creating a proper atmosphere in this matter. This is exactly what the Government have been doing. No opportunity is now lost for emphasising that the armed forces are the national forces of India. This has been done in broadcasts and speeches of the Honourable the Vice-President of the Interim Government and the Honourable the Defence Member. Government are also actively engaged in examining the recommendations of the National War Academy which will lay the foundations for producing the right type of officers for the future forces of India. I am confident that young men with the requisite qualifications will come forward in increasing numbers to join the forces. I have no doubt that given opportunity and training, an Indian can hold his own in any position and can creditably acquit himself in any walk of life.

It was also stated here that Government have made no plans for scientific research in the defence services. The scientific element in G. H. Q. is being reorganised on 1st April 1947 and the normal scientific responsibility hitherto carried out by the M. G. O. will from that date be reorganised. The Government have got a report from an Officer specially brought out from England to advise them as regards the future set up of the scientific organisation in the armed forces in India. Unfortunately on account of the uncertainty as regards the size of the forces and the uncertainty as regards the amount of money to be allotted to the defence budget the Government are not in a position to take decisions on this report.

My Honourable friend Sreejut Rohini Kumar Choudhury complained that no Assamese were recruited in the Indian Army. The facts are that they are now enlisted as Assamese or other Muslims according as they are non-Muslims or Muslims. Actually the recruitment from Assam during the war was over 20,000 persons. In the post-war army, it is proposed to give due representation to the Assamese.

Then, Sir, the House has shown considerable interest in the "class composition" of the army. The composition of the various arms and services is roughly as follows. I. A. C. and infantry regiments have up to four classes in each regiment, a number of them having "one class" only. R. I. A. regiments, R. I. E. units, Divisional Signals units, R. I. A. S. C., M. T. and A. T. companies, Indian Pioneer Corps Companies are all on a "one class" basis. The

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remaining units, including units of the Airborne Division are on an "all class" basis the personnel of all classes are enlisted and they are fully mixed up for all purposes of organisation including promotion and accommodation. I would emphasise that the composition of the units has throughout been on the basis of class and not religion. Religion was of course one of the constituents of class, but locality, physique, tradition, folk lore, outlook on life, social customs and general characteristics were other factors.

Chaudhri Sri Chand (Nominated Non-official) What about officers?

Mr. G. S. Bhalja: I will come to that later. The classes comprised men who could live well together and fight well together and in whose man-management experience of the class was an introduction to the knowledge of the individual. Such are the Gurkhas, Jats, Punjabi Muslims, Dogras, Sikhs, Pathans, Kumaonis and others. The class composition of a unit is decided from time to time, and in the light of experience reviewed with two main objectives firstly that the unit should be capable of rapid expansion in case of need and, secondly, the representation should be spread fairly and evenly throughout the country. Thus, it can be categorically stated that there is no communal representation in the army as in the civil services. The army consists at any given time of so many units of such and such a class composition and by a process of addition, the total numbers of various communities serving in the army can be worked out. From these totals again the percentages can be, and are, worked out. The result however is a fact rather than a policy. There is of course no such thing as class composition among officers.

Chaudhri Sri Chand: Are the Government ready to select officers according to the strength of the community in ranks?

Mr. G. S. Bhalja: I have repeatedly said on the floor of this House that selection of officers is on the basis of merit and merit alone. No class composition is laid down for the R I N or the R I A F, either for the service as a whole or for units. Men of all classes, religions and communities are treated alike and live and feed together.

Chaudhri Sri Chand: Will Government appoint officers from communities which never joined as soldiers in the army?

Mr. G. S. Bhalja: The privilege of service should not be confined to any one community. I hope my Honourable friend will not interrupt me any more.

It should be noted that so far there had been no complaint of any class or community not finding a place in the armed forces. In fact in the last war, the Government wanted every man who could come forward. In fact there was no restriction of recruitment to any one class or any one community. October 1945 saw the peak effort of recruitment in the country and in fact it represented the maximum recruiting potential of each class as shown by the willingness to join the forces during the war. I hope it will be agreed on all sides that the post war army should bear close resemblance to the composition of the army as in October 1945.

I sincerely and earnestly appeal to the House not to import political and communal considerations in the armed forces. The armed forces are singularly unsuitable for the introduction of the principle of communal representation as in the civil services. The last war was a total war. If there is another war, which God forbid, it will be a still more total war embracing all classes and communities in the country. I am not a prophet, but my personal view is that if India is unfortunately involved in a major war in future, she will have to resort to conscription. That means equal sacrifice for all classes and communities. Conscription will bring forth the maximum number of men for the fighting services, but it will naturally be limited to the man power of a particular community. A future war will bring nothing but "blood, sweat and tears" to the whole people of a country, for the personnel of the armed forces it will

in addition involve death, destruction and annihilation. Now, Sir, I hope it will be accepted by all that rights and privileges should correspond to obligations and responsibilities and that claims in peace should be commensurate with sufferings in war. This can only be done if no class or community is given a special privilege. What the State should look to is to ensure conditions in which equal opportunities will be available to all citizens irrespective of caste, creed or colour. This is the basis on which the army has been composed in the past and I hope, Sir, the same basis will continue in future.

I have just one more point before I close. I would like here to refer again to the morale and discipline of the armed forces which in spite of trying tests to which they have been subjected to is indeed of the highest order. I shall read only two or three short extracts from the Security Reports received in G. H. Q.

Sardar Surjit Singh Majithia: I raised three points on which I wanted to get some information, but no reference has been made by the Honourable Member.

Mr. G. S. Bhalja: I have hardly time to refer to all the points.

Mr. President: He has already exceeded his time limit.

Sardar Surjit Singh Majithia: He can refer to my points in one minute. He will be able to cover my points in a short time.

Mr. G. S. Bhalja: I have made a note of the points raised by the Honourable Member. As I said there is no time for me to refer to all of them. I want to close now with short extracts from the reports received in G. H. Q. The first one is from the Headquarters 5 Indian Division, dated 29th November 1946.

"Most men in the division have been employed in Eastern Bengal or Bihar on internal defence duties and they have carried out their duties in an exemplary manner and have shown no indication of any political or communal bias."

"On the contrary the Indian Other Rank has regarded the intercommunal disturbances with disgust, and values even more highly than before the harmony that exists between all communities within the army. He feels that in helping to terminate disturbances, to give protection and to establish confidence he is performing a valuable and worth-while task for India."

Another is an extract from Headquarters, Delhi District, dated the 28th November, 1946.

"The attitude prevalent among Indian Other Ranks throughout the district and their work in connection with local communal disturbances have been most commendable. This was brought out recently during the 1st celebrations at the Raj Rif Regimental Centre where the occasion was celebrated by all Muslim ranks from officers downwards, who shared the feast with their Hindu comrades."

And the last one is from 4 Kumaon No. 350 Security Summary, dated 13th February 1947.

"Recently when on duty in Bombay City some men were asked if they were Muslims or Hindus. The reply given was 'We are Indians, so be careful!'"

Sir, these are heartening reports. Recent events have demonstrated that the members of the armed forces have deserved well of their country. In achieving her goal India will need all the support that her armed forces can give. I am confident that the men in these forces will not disappoint her. I should like to send to members of the armed forces a message from the House that we are proud of them.

Khawaja Nazimuddin (Burdwan and Presidency Divisions, Muhammadan Rural). Sir, I am proud of the fact that a representative of the much-maligned Muslim League has introduced a budget which has received the universal support of the toiling masses of India. He has introduced a budget which has been the main topic of conversation throughout India among all sections. Besides, it has been attracted the attention of foreign countries. Sir, before I proceed further I should like to give the House a very short summary of the reactions of the press to these budget proposals. The following English

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papers are strongly opposed to direct taxation *Hindustan Times*, *Statesman*, *Times of India*, *National Call*, *Leader*, *Pioneer*, *Civil & Military Gazette*, and *Madras Mail*. General support or absence of criticism to the budget, particularly the taxation proposals came from seven pro-Congress papers, three Muslim League papers, one pro-Hindu Mahasabha paper and one independent paper. The names are,—*National Herald*, *Dawn*, *Hindusthan Standard*, *Amrita Bazar Patrika*, *Bombay Chronicle*, *Free Press Journal*, *Morning News*, *Star of India*, *Hilavada*, *Tribune*, *Sind Observer* and the *Nationalist*. Sir, I think no further comment is necessary beyond the fact that on the one side we find papers controlled by big money opposing the budget proposals and on the other papers which are not under the control of these big capitalists supporting them. But still more interesting is the fact that practically all the vernacular papers have given their support to the budget proposals. Of the Tamil press three out of the four leading Tamil dailies—all pro-Congress—welcome the budget with enthusiasm while the fourth criticises the new direct taxation proposals. Of the Urdu press three pro-League and one independent which have commented have all welcomed the budget proposals. Of the Hindi press, six leading Hindi papers—five pro-Congress and one independent—generally welcome the budget proposals except one which has taken exception to the business profits tax. And out of four Bengali papers—two pro-Muslim League and two pro-Congress—all have supported the budget proposals.

Sir, there is a clear line of demarcation between those who have supported the budget proposals and those who have opposed them. On the side of the opponents are chiefly people who are supposed to be multi-millionaires, controllers of big industries and their supporters, and then main argument is, I am afraid, not a new one. It is brought out whenever they are taxed, and if I were to repeat here the reports of the discussions that took place when the E.P.T. was first introduced in this House it will be found that the very same arguments that are now being brought forward against the present proposals were brought forward then and by the same class of people. The chief opponent at that time was Sir Homu Mody and I believe he has now been replaced by Mr. Manu Subedar.

Mr. Manu Subedar: No, Sir, that is not true.

Khawaja Nazimuddin: I stand corrected, I am told it is Mr. Vadlal Lalubhai. But the point still holds. Then there was Dr. Banerjee also who opposed to E.P.T. and the ground was that it would prevent the development of industries, curtail private enterprise and give a set-back to production.

Pandit Lakshmi Kanta Maitra (Calcutta Non-Muhammadian Urban) Dr. Banerjee was not a multi-millionaire.

Khawaja Nazimuddin: I said, "supporters of multi-millionaires".

Sir, the same arguments are being brought forward now. But I maintain that if we go by actual facts it is exactly the reverse. One effect of the E.P.T.—I think it will be borne out by most people—has been that when the capitalists found that a large portion of their profits would go to Government they started spending that money on raising the wages of their labourers and improvement of the factories and the living conditions of the workers and made general improvements not only in the interest of the industry but also of the workers. I can cite the cases of companies whose workers were very poorly paid they never thought of raising their wages because that meant parting with a certain amount of their own profits. But when they found that that profit was going to get into the coffers of Government they thought of giving it to the workers. I can cite the case of the *Amrita Bazar Patrika* itself. Its staff was one of the worst paid among newspapers. But after the E.P.T. came the wages were so increased that they could compare favourably with those paid by the *Statesman*.

Pandit Lakshmi Kanta Mahtre: That is why they were on strike

Khawaja Nasimuddin: When they went on strike *Amrita Bazar Patrika* compared their wages with those of the *Statesman* and they showed that their wages were higher than those of the *Statesman*. Therefore, Sir, I maintain that these budget proposals and this Business Profits tax and other taxes will not only bring about social justice by reducing the profits of the rich people but will indirectly benefit the wage-earners and bring about an improvement in the living condition of the workers. Money will be spent on ameliorating their conditions, lot of improvements will be made because the incentive for keeping that money would be gone, and that I maintain is going to help us in developing the industries.

Sir, there is another argument that has been put forward. Cases have been cited by previous speakers where it has been said that as a result of these proposals some of the big businessmen have decided to stop the various undertakings which they were thinking of starting. I maintain, Sir, and—I have got evidence also that applications have been made for capital issues—that people who had made applications previously have, since the budget proposals, asked that permission should be given for capital issues, which means that it has not had a deterrent effect in starting of new industries and new ventures. I believe in the papers recently some facts and figures were given and the amount of new capital that has been sanctioned by Government very recently, and I maintain that since these Budget proposals those people—majority of them at least—are still anxious to obtain permission from Government for new capital issues which means that it is not going to cause so much set back to the development of new industries.

There is one very curious feature of these Budget proposals. Those who have represented themselves as the supporters of the poor man, the working classes and the under-dog have now somehow or other appeared in the role of opposing these proposals which are supposed to be a poorman's budget. On the other hand those who have been dubbed as belonging to the party of vested interests, people who have always been accused of siding the capitalists, a party which is supposed to consist of richmen, have come forward and are now supporting this Budget which is supposed to be a poor man's Budget. It appears at least that there is a great difference between preaching and practice. Those who have preached socialism are not prepared to support it by their action. But, Sir, the poor Muslim League has been misrepresented for a number of years. Bengal and its Ministry has been the subject of criticism in this House during these debates. But what are the facts? From the time of Mr Gokhale they have been attacking the British Government for not introducing free and compulsory primary education. When the Bengal Ministry introduced a Bill for free and compulsory primary education—and I may tell you that this is the only province where an Act has been passed for compulsory primary education—it was opposed by the Congress whereas the Muslims and the Scheduled Castes gave their full and wholehearted support, and the Press of that time declared that that Act was an anti-Hindu Act. Later on when the Congress Ministries came in and the United Provinces, Madras, Central Provinces, Bombay, Bihar, all these provinces passed Tenancy legislation, passed Agricultural Debtors' Act, passed the Moneylenders Bill, they were hailed as great benefactors of the poor. The ministries were congratulated for passing those Acts and when the Bengal Government passed the very same Act in Bengal, what did the Press say? This is a communal ministry and has passed communal measures.

Pandit Lakshmi Kanta Mahtre: Which paper said that?

Khawaja Nasimuddin: Every paper

Pandit Lakshmi Kanta Mahtre: That was on the Secondary Education Bill

Khawaja Nazimuddin: I can assure my Honourable friend, Mr. Maitra, that most of the papers declared those Acts as being communal.

Now, let me refer to my Honourable friend, Mr. Rohini Kumar Chaudhuri **Sreejuti Rohini Kumar Chaudhuri** (Assam Valley Non-Muhammadan). What have I done?

Khawaja Nazimuddin: Don't be frightened.

He has complained of the ill-treatment which Assam has received from the Centre and especially by the successive Finance Members. Let me remind him that Bengal and Assam for the last twenty years have been treated in a most step-motherly fashion by the Centre. This has been their grievance not today, but for the last twenty years, and I refer him to his speech and it will be found that Bengal and Assam has been the milch cow for the rest of India. The Export duty on jute, the Export Duty on Tea, the Export Duty on betelnuts, the Excise Duty on petrol—these things are not produced in the United Provinces, Central Provinces, or Bombay, but it is the poor cultivators of Bengal and Assam who have to work and sweat to fill the coffers of the Government of India and the other provinces who have had for successive years surplus budget while Bengal and Assam have suffered from deficit budgets, retrenchment, reduction and curtailment of all expenditure on nation-building departments.

Pandit Lakshmi Kanta Maitra: All by extravagance and waste.

Khawaja Nazimuddin: May I tell him, Sir, that if God forbid Bengal and Assam remains with the Centre in the future his grievances will be much greater and his complaints will be much more. On the other hand, if Bengal and Assam become an independent country, just think of the financial resources of such a State.

Pandit Lakshmi Kanta Maitra: Nothing but absolute beggary and ruin.

Khawaja Nazimuddin: You will see.

Mr. President: I am afraid this controversy need not be carried any further.

Khawaja Nazimuddin: I bow to your decision.

Prof. N. G. Ranga: This is not Bengal Assembly.

Mr. President: It is not proper for the Honourable Members to interrupt in this way. His point of view is that the Centre has not been treating Bengal and Assam properly, and he is quite within his limits in saying that.

Khawaja Nazimuddin: I will not dwell on this point as you have said that I should not deal with the question of what would happen if Bengal and Assam become an independent country except to say that the resources at their disposal would be tremendous. But I would point out that there is a great deal to be said for the claim that has been put forward by Mr. Chaudhuri that when a few provinces are taxed for the rest of India, those provinces should get a share of the profits of that tax. There is a good case for Bengal and Assam getting a share of the tea duty, Assam getting a share of the petroleum duty and a share of the export duty on betel-nuts which really comes mostly from Bengal. Assam and Madras. Sir, I maintain that we have been very badly treated in this matter in the past and I was surprised to find for the first time a representative from Bengal stating in this House that Bengal should not receive any assistance from the Centre.

Pandit Lakshmi Kanta Maitra: Who said that?

Khawaja Nazimuddin: Mr. Ananda Mohan Poddar. But he is absent so I will not deal with him and leave him. But what about those gentlemen who have signed the minute of dissent to the budget proposals? They are the people who have been professing sympathy for the poor. I am reminded to

add "from the housestops" As a matter of fact, I would like to quote a Persian couplet.

Waisan Kin Jalwa bar mihrab-o-minbar mikunand Chun bakhshiat mirawand an kai digar mikunand

Translated, it means "Champions of the poor wax eloquent on the platform and in the Assembly But they sing in a different tune in the Select Committee"

Sir, it is the fashion nowadays to give warnings to the Muslim Leaguers. From all sides warnings are given to the Muslim League. Let me give a warning to my friends who have signed the note of dissent and those who have supported that note of dissent. Nemesis is waiting for them. One day they will have to face their electorate and you have given a weapon in the hands of Mr. Jai Prakash Narain and Mr. Patwardhan of the Socialist Party, Mr. P. C. Joshi of the Communist Party (not my friend over here) and Mr. Jogesh Chatterjee and Mr. Pratul Ganguli of the Revolutionary Socialist Party. They will use this weapon against you not only effectively but they may even destroy you with that.

Sir, I would very briefly refer to one of the remarks that had been made by Mr. Manu Subedar. He said that production has been going down and the effect of this budget will be that there will be further curtailment of production. May I remind him that the E. P. Tax was taken off last year and according to his arguments and logic there should have been an increase in production. But on the other hand production has gone down. So I see no reason why as far as this tax is concerned there should be any reduction in production. On the other hand I feel now there will be an increase in production if they want to make some profit for themselves.

Then, Sir, I would like to support Mr. Nauman's suggestion. And here I would include not only Bihar but other parts of India, where owing to communal rioting vast areas have been devastated and people have suffered heavy losses. I feel that there is great merit in his suggestion that the money which the Government of India accumulated from the insurance scheme introduced during the war against air raid damages, a part of that money should be given to those people who have suffered heavily.

Sir Cowasjee Jehangir (Nominated Non-Official) Where is that money?

Pandit Lakshmi Kanta Maitra: What about the devastation in Noakhali and the Punjab?

Khawaja Nasimuddin: I am so sorry. I said not only Bihar but other parts of India. I made it clear in anticipation of remarks of that character.

Pandit Lakshmi Kanta Maitra: Nor other places.

Khawaja Nasimuddin: Yes, I said other parts of India.

Mr. President: Order, order.

Khawaja Nasimuddin: Therefore, I think there is a good case. No province is in a position to bear the heavy expenses if these people have to be compensated. There have been terrific losses and great suffering has been caused. Therefore, I feel that there is a great deal of justification for the claim that has been put forward by Mr. Nauman.

Lastly, I would like to state that this Budget lays the foundation for ameliorating and uplifting the conditions of the dumb millions. It is the only silver lining in the dark clouds that are gathering over the Indian horizon. Sir, I congratulate the Honourable the Finance Member for his courage and honesty of purpose.

Mr. P. J. Griffiths (Assam European) **Mr. President**, when I spoke on the Finance Bill last year, I reminded Honourable Members that we in this House, in our budgetary procedure were the political heirs and successors of those knights and burgesses of my own country, who, throughout the long centuries, hammered out the principle that the redress of grievances must proceed the grant of supplies. And it seems to me today, that when India, for the first time for many years, is moving once again into full freedom and full self-government, that that procedure takes on a new significance. From now, in a more real sense than ever before, we are competent in this House, in practice as well as in theory, either to grant or to refuse supplies for those purposes which Government proposes to carry out with the funds made available to them. It seems to me too, that this new access of power, like any access of power, lays upon us new and heavier obligations, and it is perhaps worth while, even at the cost of digression for a minute from purely financial matters, to remember that when this same procedure was hammered out in Britain, the liberties of the British people grew not primarily from the claiming of their rights, but from the recognition of their obligations. It is worth remembering that when the knights and burgesses were summoned to the early English Parliament, they went unwillingly. They went not as men going because they claimed the right to go, but as men going because they were called by the king because they were expected to go, because they had to accept their attendance as part of a public and social duty. So too we today ought to be more mindful of our obligations than of our rights in our approach to these problems of finance and taxation. In one sense, the two complementary aspects of the functions of a citizen—rights and obligations—stand forth clearly and distinctly in our budgetary procedure.

First we deal with the demands for grants. There we exercise a right. We tell Government how much money they may spend and on what. Having exercised that right, in the next part of our procedure, we undertake an obligation, the obligation to provide for Government the funds to carry out those duties which we, in exercise of our rights, have imposed upon them by the demands for grants. It follows that, in the case of any Finance Bill, a *prima facie* obligation lies upon us not to withhold the supplies demanded except for the most cogent reasons.

I make these preliminary remarks not by way of a political lecture, but in order to explain the background against which we, in this group, approach the somewhat unpalatable tax proposals.

In the course of the general discussion on the budget, I expressed our very strong dislike, nay disapproval, of the entire structure of taxation as presented to us by the Honourable the Finance Member. I pointed out that however objectionable some of the taxes by themselves might be, the real gravamen of our objection was to their cumulative effect, to the crushing and sudden burden which the Finance Member proposed to impose on industry as a result of these new taxation proposals. At a later stage I shall have to explain why though we still feel that strong disapproval we nevertheless propose in the voting in this House, to support the Finance Bill, though I intend to make an appeal to the Finance Member to make one important change in it. We propose likewise to support the Business Profits Tax and the Capital Gains Tax. I will come later to the reasons which have led us, very reluctantly, to support these measures which we regard as new.

I want to be quite clear at the start, that we have no whit abated our conviction that the measures proposed by the Finance Member are not wise in the long view. They are calculated to harm rather than to help the general economy of the country, and though in the immediate future, in the year under budget, they may perhaps provide the sums that the Honourable Member requires, it is almost certain that in the long run they will diminish

the resources of the country and will present his successors with an even more difficult problem than that which he has had to face

I want, in the first place, to examine the structure of the taxation as a whole, after which I shall pass on to the Finance Bill in some of its main aspects. When I sat down to consider the structure of the taxation as a whole, I asked myself, not for the first time, whether there were any such things as canons of taxation, whether there were any principles which could be applied, whether there were any measuring rods by which to determine whether the taxation was reasonable or excessive. Two or three measuring rods or canons were presented to us in the course of the debate. In the first place the Honourable the Finance Member himself gave us such a measuring rod. He said in effect "The aim of my budget and of my taxation proposals is not purely financial, but is a part and parcel of my conception of social justice." Sir, I yield to nobody in my respect for the sincerity and integrity of the Finance Member. I know him well enough to know that when he talks of social justice, he means social justice. Nevertheless, my respect for him as a man cannot conceal the fact that I have the most profound distrust of those abstract phrases, which sound so well in Assemblies and on public platforms, but which mean so very little, when you try to translate them into practical and definite terms. Social justice is grand to talk about; you get into trouble when you try to define it—and into still greater trouble when you think how to implement it.

Let us start with the difficulty of definitions. Instead of proposing a definition myself I shall take some of the definitions which, I imagine would be subscribed to by various members of the House and by political parties in the country. I suppose Prof. Ranga would define social justice as meaning equality—but perhaps I am out of date about this—I should have said that he would have defined it as equality before his conversion to the capitalist cause. Judging, however, by the long tenor of his speeches throughout the years, rather than by his performance on a particular recent occasion I take it that, to Prof. Ranga social justice means equality. That I imagine is not the conception which is accepted by most members of this House. So I will pass on from Prof. Ranga to the Congress Party in general. I suppose I am a bit out of date even there. At any rate, not very long ago, the Congress party's conception of social justice appeared to me to be Rs. 500 a month and no more for anybody. Like so many conceptions of social justice that conception has passed into the limbo of things forgotten. I am not particularly concerned at the moment with whether that conception was right or whether it was wrong. The point I am trying to make is that social justice is far too subjective a term, a term which each man will interpret in his own different way. It is not the kind of term that you can usefully apply to taxation proposals though every right-minded man ought to have it at the back of his mind, when he considers the taxation structure of his country.

Then again you find another class of people, who will tell you that social justice means that there should be no unearned income, there should be no inheritance, every man should earn what he gets. And then passing still further afield let me go over to certain other countries where in recent times the conception of social justice has undergone a radical change even during the course of a few years. When the Russian Revolution first broke out what was the conception of social justice? It was equality. Does anybody pretend that that conception has been maintained? Who does not know that in Russia today you have as much class distinction, as much classification and stratification as you have in almost any other part of the world?

Pandit Lakshmi Kanta Maitra: It is not correct.

Mr. P. J. Griffiths: It is correct. I will tell the Honourable Member more about it on another occasion. But the point I am concerned with at

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the moment is, that the conception of social justice which Communism represented to the Russian people 20 years ago has been abandoned.

Social justice is a high sounding phrase and like most high sounding phrases it is far too nebulous and undefined for us to make it a touchstone of our taxation proposals.

Let us take for example the comparison between the worth and the salary of my Honourable friend the Finance Member and the worth and the salary of a sweeper. I do not suppose for a minute anybody, least of all the Finance Member himself, will maintain that the sweeper and the Finance Member should get the same salary. Nor do I pretend to know whether my friend's salary ought to be 100 times, 200 times, 300 times or 500 times the salary of a sweeper. I do not know how you measure the correct ratio. That is why I say that this kind of abstract talk about social justice, although it indicates a good heart, is of very little help when you consider financial measures. It is much too nebulous and too incapable of scientific and precise definition. It also overlooks the question as to whether what a man gets should be measured by his needs or by his relative value to the rest of the world. I am not trying to answer that question. It is a question which every man will answer differently according to his own philosophic view of life. But as long as these questions are undetermined, social justice means nothing in the sphere of taxation.

Let me examine the social justice conception from another angle. I suppose that what it really means, is that everybody must get his fair share of the loaves and fishes of the world. Is this what we are really worried about? Is our main anxiety that everybody should get a fair share of the loaves and fishes or that everybody should have plenty? Suppose for example there were more loaves and fishes in the world than are required, we should then not bother about fair shares but we should be concerned to see that everybody got plenty. Therefore the starting point on the road to social justice, is to ensure that there are sufficient loaves and fishes to go round. That means that production must be the starting point of any form of social justice which is to be implemented in taxation proposals. In other words, phrase social justice is too simple it does not help us. At any rate it does not enable me to answer the question as to whether this taxation is too steep or not steep enough.

My friend Mr Gadgil, for whose economic knowledge and judgment I have great respect, made another attempt to analyse the problem. Mr Gadgil is a realist. He knows that although various economic abstract phrases have to be used from time to time you must not stick too long to them, you must leave them behind and pass on to wider realms of practical reality. Mr Gadgil began by talking about deserts. He began by saying that every man and every industry should get its deserts and that what was left after that was a fit subject for the State to tax. He did not attempt to answer the question as to what the deserts of a man or the deserts of an industry mean. He went on from that to a slightly sounder point of view and said that every man must have what is necessary for efficiency. Even here I am puzzled. I do not know how you determine what a man needs for efficiency. One man's meat is another man's poison. I may perhaps be most efficient if I eat a lot and drink a lot. My friend, on the other hand, may perhaps be most efficient if he lives on a handful of rice a day and behaves like an ascetic—I do not know if that so or not. The point I am trying to make is that these phrases like "deserts", "what is necessary for efficiency" and the like do not really mean anything at all when you come to apply them to taxation measures. Mr Gadgil knows that. He is even more a realist than I am, and so he quickly turned away from that line of thought and said that production must not suffer. That was the really important point about Mr Gadgil's speech.

He said to the Finance Member, "When you are making your taxation proposals first and last consider their effect on production." Now we are getting away from the abstract realm, we are getting nearer to something concrete. And so I want to ask the question Are there any practical tests which we can apply with regard to the taxation proposals?

It seems to me that there are three tests. The first one of course is: Does the State need the money? We all have to start from that point of view. Ever since man emerged from the stage of the caveman, the state has been fundamental to his life and it is therefore axiomatic that the money required for the state must be found. You cannot define in abstract terms what the State's needs are. Then conception, their amount varies from age to age with every change in economic thought. But you have a rough and ready test of that in the demands for grants passed by this House. So the criterion of the needs of the state roughly means this is the taxation proposed required in the light of the demands for grants.

The Honourable the Finance Member says in effect 'There is a gap of Rs 56.71 crores in the Budget. I must fill the gap. Therefore there must be this new and startling taxation.'

Here I want to deal very briefly with this question as to whether a deficit must necessarily be filled. I believe my friend the Finance Member knows better than I do that very few modern experts on economic theory hold the view that the deficit of a state must necessarily be filled in a particular year. To put it another way the occurrence of a deficit or a surplus arises very largely from the fact that we have chosen a particular arbitrary period for accounting purposes, purely for reasons of convention and convenience. We have taken a period of twelve months for accounting purposes. Nobody maintains that say in April and May, receipts must exceed expenditure and nobody will say for short periods of two or three months you have got to balance the budget. We have chosen an arbitrary accounting period of 12 months and for certain generally convenient reasons we expect to balance our budget in that period. But there is nothing sacred, nothing sacrosanct about that period at all and it may well be—and it is certainly the case when you are passing through abnormal times, particularly when you are in a period of transition from war to peace—that you should take a longer view than twelve months. You should ask yourself the question, not 'can I balance my budget this year?' but 'can I over a period of three or four years be reasonably certain that the deficit will continue?' Provided you keep that principle in mind I see not the slightest objection whatsoever, in a particularly abnormal year to allowing a moderate deficit to exist. My friend the Finance Member agrees with me. He is not saying so at the moment but he said so three weeks ago. He said so when he introduced the Budget. Even with this additional taxation he said he would be leaving a deficit of Rs 16 crores. I agree with him that he is right not to fill the gap, that there is nothing sacred about the idea that in a particular year the receipts must exactly balance the expenditure. If that theory had been sacred my Honourable friend the Finance Member would not have left a gap of Rs 16 crores. He knows perfectly that these matters are purely relative, and that the questions he has to ask himself are "During this particular year, is the gap that I am proposing to leave too high, is it disproportionate? Is it just a casual deficit accruing for this particular year or is it a deficit which will be repeated?" I want to emphasise this distinction between a continuing deficit and a casual deficit arising from some particular circumstances. In this year it does seem very clear to me that we are in the aftermath of war financial conditions. We still have hopelessly swollen and inflated Departments, we still have G. H. Q. occupying as I said the other day 42 pages of the telephone directory. Incidentally, when I pointed out that fact I did not know one even better fact. I did not know that if the G. H. Q. only occupied 42 pages of the telephone

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directory, it was because the authorities had forgotten to include the telephone numbers of the Air Headquarters. I won't dwell on that point any further. What I am trying to explain at the moment is this—at the moment we are still suffering, perhaps unavoidably, from the swollen effects of war finance, the War expansion of all departments. The deficit which results, has therefore to be regarded as a casual deficit, rather than as part of a permanent deficit which we can expect to continue on from year to year. I believe therefore that the Finance Member should not have been unduly frightened by this deficit. He certainly should not have been frightened so much as to embark on these startling experiments which have already caused so much consternation in the country. I cannot stop to discuss this point in detail, but we very much doubt whether the deficit is a real one. We think there are a number of important items in which the Finance Member has considerably under-budgeted. I cannot dwell on that point now. But before we would accept the Finance Member's view that the deficit must be filled by taxation we should need to be very much more than convinced than we are that the deficit is a real one.

I pass on to the next practical test. I have dealt with the needs of the state and I have tried to show that I am not convinced, on that test, that this new taxation is necessary. The second test to be applied to all taxation is whether it will be so serious as to destroy incentive. I must dilate on this for a minute, because it has become the fashion to say that talk of incentive merely means that some people don't want to face the burdens of taxation. In the world today there is scarcely enough ability, scarcely enough energy, scarcely enough planning capacity to do all that we require. We have to take every possible care that what brains, what capacity, what ability exist are harnessed to the service of the common man, in the sense of being harnessed to the job of production. There are two ways—though one I think is purely the theoretical—in which you can harness these abilities to the service of humanity. The first is the way which the socialist would claim to be the right way namely that the state should take charge of everything and that selfless service to the State should be the order of the day. I do not propose to enter into a detailed discussion of the pros and cons of state ownership and state control. I will merely say this. At the present moment our greatest need is a dynamic impulse behind forces of production. Has anybody ever found any dynamic impulse in a Government Department? Does anybody here really believe that if we handed over all production to the state, with the selfless service of its officials, the wheels of industry would at once start turning faster, that production would expand and that the country would soon become a rich and wealthy country? Is there anybody who really believes that here? I very much doubt it. Never mind, let us assume such a combination of selfless service and creative drive is possible and that you can harness a dynamic impulse to state ownership and state control. That is a delightful ideal. But no one contends that here and now, or during the next two years, the state in this country can run every industry, every form of business and every form of commerce. Whether we like it or not, private enterprise has got to carry on for the time being. It is no use getting rid of the driver of your car until you arrive at the stage where you can drive yourself or where you can find another driver. You may curse the driver, as most of us curse the drivers in Delhi, particularly the taxi drivers, but you have to use him. So, we have got to assume that the economic system with which we are concerned today—and not that ten years or twenty years hence—must proceed on the basis that private enterprise has to be kept going for the time being. As long as you have private enterprise you have got to have the profit motive. It may be that if all our businessmen were angels and if everybody was inspired by the highest motives with no thought of self

the industrialist would go home and could say to his wife, 'Well, dear, my profit is not much this year, but I am serving the state and shall go on running my particular industry. But the businessman does not think like that, and if he did, his wife would be very angry. If you want private enterprise to continue, the profit must be adequate. When I say adequate I do so bearing in mind that it is not every time that a commercial or industrial venture results in a profit. It very often results in a loss, and it is only the hope of a reasonable profit—perhaps so large that my Honourable friend Piri Ranga will not call it reasonable—it is only that which makes people face risks and bear losses and go ahead with the business of starting new enterprise and expanding production.

The third test I want to apply is 'is the taxation too sudden?' Is the increased imposition too sudden? There is nothing more harmful to business in the economic sphere than sudden and intensive changes. Business requires forward planning and forward planning depends on assuming that conditions will not vary too suddenly in the years for which you are planning. Let me take an example arising from the Capital Gains Tax Bill I had brought to me the other day the case of a certain concern which sold a capital asset for Rs 30 lakhs and put the entire money into a new project. When it did so it had no expectation of being told by the Honourable the Finance Member this year I want Rs 7 lakhs back from the proceeds of that capital gain. It now has to hand back Rs 7 lakhs to the Finance Member. It has not got that Rs 7 lakhs. (An Honourable Member Rs 7 lakhs profit?) No. It is starting a new concern. Unlike some members of this House, businessmen have to look ahead. The new concern has not made any profit yet. And it has no means of paying the money the Finance Member wants from it. I do not know what will happen. I do not suppose the concern will manage to float new shares—shareholders are backward in coming forward at the moment. It is very much more likely that new project will be closed down.

I could go on giving instances of this kind, but the point I am trying to make is this. There is nothing more important than looking ahead and there is nothing which destroys the possibility of looking ahead more than unduly severe taxation imposed at one time. The Capital Gains Tax and some of the other taxes which my friend is introducing would have been far less harmful if they had been applied at the lower rates in the first instance.

Dewan Chaman Lal (West Punjab Non-Muhammadan) Did you support the Capital Gains Tax?

Mr. P. J. Griffiths: I have not yet told you why I am supporting these three measures, although I do not like them. If my friend will have patience, I will tell him in due course. Let me first apply my practical tests to a typical company. Under the original Business Tax Bill, what was proposed was that the company should pay 4 annas in the rupee. I will assume that it was a large company to which a lakh of rupees abatement meant more or less nothing. On top of that, it is going to pay 5 annas 4 pies, income-tax and super-tax. This means a total taxation of 9 annas 4 pies, leaving to that company little more than 6 annas for every rupee of profit earned. The taxation is 50 per cent over what that company was called upon to pay up last year. I say that bold forward planning of business becomes impossible if every business is suddenly called upon to pay tax at this rate, not because of any public emergency but merely because somebody has invented a new theory of taxation.

Let us take another example. Let us take a company with a capital of a crore of rupees and 10 lakhs worth of profits. Under the present scheme of taxation that company will be left with about half, about 5 lakhs or slightly under, of its 10 lakhs of profits. Now, my socialist friends will ask

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—surely 5 lakhs of profits ought to suffice. What my socialist friends overlook is with taxation at this level it is not worth while for a capitalist to embark on a new venture unless he can expect twice the profit which he could have expected before severe taxation was the order of the day. My friends may say—five lakhs ought to be enough for anybody. My friends want production and if they want production what they must pay attention to is not their text book theories but the views of the men who have to take the risks and run the industries and I can say from my personal knowledge of business circles, both Indian and British, that a great many businessmen will not think it worth while to embark on new ventures and take the risk of loss if they are taxed at the rates now proposed

Diwan Ohaman Lall: Why did you support it then? May I interrupt my Honourable friend and ask

Mr. President: Let him proceed. He is arguing his case.

Diwan Ohaman Lall: On a point of order

Mr. President: There can be no point of order now.

Diwan Ohaman Lall: The point of order is that we are entitled to interrupt a speaker if he gives way. It is the constitutional right of any Honourable Member to interrupt a speaker if he gives way.

Mr. President: He is not giving way. There is no use of arguing.

Mr. P. J. Griffiths: May I say that nobody enjoys interruptions more than I do but I have got my eye on the clock and on your stern face Mr President and you may ring the bell before very long.

The point I am trying to make is that when taxation reaches a certain level two things happen. In the first place companies themselves do not launch out into new ventures and in the second place there is no incentive on the part of the ordinary man to invest in those companies. Take the case of a company which before taxation became severe made 5 per cent. dividend, and if taxation cuts the dividend down to 2½, then who is going to invest in the company? There is always an element of risk in commercial investments. Why invest in them and get 2½ per cent, when you can invest in Government paper and get very much the same.

This kind of crushing taxation thus not only discourages a company from development, but it also deters the small man from putting his money into a company.

I do not think there has ever been a scheme of taxation in India with regard to which there was such unanimous condemnation as there has been with regard to these proposals, among those people who are really competent to judge them. I am not thinking of the toiling masses but of those who know how business works, how markets react and who know what the psychological reactions to taxation measures are.

My Honourable friend will probably say that those are selfish views. He will ask 'Why should I pay attention to people who stand to lose by my particular taxation measures?' There are two answers to that view.

The first is—here I speak for my own Group—that our past record does not justify the belief that we oppose taxation measures when they happen to hit ourselves. As far as I remember, during the last 12 years, we have supported every taxation measure brought forward in this House in the past. My Honourable friend Khwaja Nazimuddin referred to the F. P. T. and said that the same industrialists who had been declaiming against the present taxes and contending that they would ruin industry, said the same about the F. P. T. If my friend will turn to the debates of 1940 he will find that no such view was ever taken on any occasion by the members of this Group. We supported that tax. We regarded it as necessary and we also took the

view that in the rising tempo of business which then prevailed we could afford to pay. This group has a clear record in this matter. My Honourable friend the Finance Member who has long been a member of this House, will appreciate this fact and he will know that opposition on our part to taxation measures does not proceed from a mere dislike of taxation. Nor am I prepared to accept that thesis with regard to my Indian friends. I cannot believe that Indian industrialists are so unpatriotic as to oppose taxation measures even if they know that those measures are really good for the country, merely because they touch their pockets. I do not believe that and I am reminded of what my friend Mr. Rajagopalachari said the other day speaking from those benches. He said you cannot divide society into different sections. You cannot say that one section is good and another section is bad. If the industrialists are bad, which I do not believe, it only means that we are all bad. If the industrialists lack patriotism and as a class are incapable of putting the country before self—which I do not believe—it that is so, then it is true also of the whole country and my friend the Finance Member is indicting the whole inhabitants of the country in one general condemnation. I do not accept that indictment. If I accepted it, I should despair of the future and should regard it as useless for us to talk of the welfare of the common man. I must ask the Honourable the Finance Member to assume that the great majority of us who have criticised his taxation proposals have been actuated by sincere motives. He then has to face the fact that most experienced observers who know the working of business at first hand and who are able to judge the probable reactions to the financial proposals, think that they will have a depressing effect on the country.

My friend Mr. Manu Subedar whose ability and facility in producing bright imagery has always fascinated me, used an extremely apt and appropriate simile when he spoke of throwing a man off the balcony. He said to the Finance Member: When you do that, you do not know how frightful his injuries may be. He may get away with a few bruises. He may break a rib or he may be killed. You don't know'. I would ask my Honourable friend the Finance Member—does he feel so certain that he and his colleagues are magicians—that they have such power of wizardry that if a man is killed they can bring him back to life again? Are they quite certain that if as a result of these dangerous experiments with taxation business is killed, they are competent to bring it back to life again? If they are, they possess a source of happiness which is denied to me.

So far, I have spoken about the general tax structure. I want to speak now very briefly about the super-tax, a tax which appears to me to be, as one of my friends described it the other day, the spearhead of the Finance Member's attack upon industry and business. Here, of course, I am on very difficult ground because in these modern days when we are governed by all sorts of shibboleths, it has become fashionable to sneer at the rich, to pretend that a rich man is necessarily a parasite and to assume that he has no place in the body politic. I shall not therefore try to plead for justice to the rich. I shall not even try, though I could do so on good historical grounds, to urge that much of human progress and civilisation has come from men of independence, men of leisure and men of money. I will not take that ground. I will confine myself to applying to this case of the super-tax the same cold practical test, the test of incentive, which I have mentioned before. The first point that strikes me is that under the Finance Bill the peak of taxation is reached at an unearned income of a lakh and half, while it is at 3 lakhs or so in the United Kingdom. Now, my friend, the Finance Member, will say that that is a very fair proportion. He will say that the standards of life in India and in England are different; that England is a wealthy country, and that a man with a lakh and a half of rupees in India has the same

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position in life as a man with 8 lakhs of rupees in Britain. My friend is thinking of it far too much in terms of the individual and not sufficiently in terms of the State, not sufficiently in terms of the surplus available for investment. If you cut off large incomes by taxation at a stage far lower than in Britain, you cut off a corresponding source of investment. This may be perfectly fair as far as the individual is concerned, but you are taking away some of the most important sources of investment. Let us look at it in another way. Under the proposed scales a man who earns a lakh of rupees is left with Rs 49,000, a man who earns 2 lakhs of rupees is left with only Rs 6,000 more, and the man who earns 3 lakhs of rupees is left with Rs 2,000 more than the 2 lakh man. Now, my socialist friend will say "should anybody be left with sums of that kind?" But the point I am trying to make out is this: The one lakh man is, for all practical purposes, condemned to remain a one lakh man and there is no incentive on his part to develop his business and become a two lakh man. The average human being is not going to exert himself very greatly under such conditions. Certainly, he is not going to take risks and embark on ventures which bring him loss but which cannot put anything in his pockets. No doubt we all ought to be full of ideals and to live for the purpose of helping others, but we are not all like that in real life. As long as human nature remains much as it is, now capitalism and private enterprise will depend on not taking from people so much in taxes as to leave them with no incentive to exert themselves further. By all means let Government examine the question of nationalisation, State ownership, State trading and form plans about them if it so wishes. To implement all those plans will take 15 to 20 years and during that period you must leave the capital system alone if you want your people fed, clothed and given the good things of life. If you want this country to go forward as one of the mighty nations of the world, you have got to keep the capitalist system vigorous till you have something else to take its place. The present plans of the Finance Member are not calculated to keep it alive. I will not say it will die out for it is a hardy plant. It may survive the rude shocks which he is administering to it but it is not good financial policy to deal these serious blows at that machinery on which the whole prosperity and expansion of the country depend. I cannot develop this further, as I have still to explain briefly why, in spite of these views which are very strong and emphatic and in spite of our fear that the Honourable the Finance Member is doing great harm to the industry of this country, we in this Group still propose to support him in his Finance Bill, as well as in his Business Profits Tax and his Capital Gains Tax.

Before I explain why we are supporting him, I would like to clear away the doubts which may exist on this subject in some people's minds. In one of the daily papers today, a paper which is especially closely associated with truth and non-violence, I found a mysterious and unfair innuendo, which seemed to suggest that the European Group had somehow changed its attitude towards these taxation measures and that there was some connection between that change and certain financial transactions which were said, rightly or wrongly, to be taking place. I much regret that a responsible paper, a paper, as I said, which is particularly closely associated with truth and non-violence, should have thought fit to distort the truth in that psychologically violent way. I should consider it beneath the dignity of this Group to repudiate that allegation. I content myself with saying that it would augur ill for the future, if every public man expressing an honest view, were liable to be maligned in that rather cowardly way. By the suggestion that his actions had been influenced by ulterior motives I myself hold the view that if reasonable debate is to be possible, we must all assume that the various

parties who are taking part in the discussion are guided by sincere motives. Without that assumption, discussion becomes impossible.

Sir, I now propose to give the reasons why we propose to support this Finance Bill, which we dislike so much.

We in India find ourselves today in a very special position. India has at last come into her own. India has at last taken over the business of governing herself. The last stage is at hand and the practical transfer of power has already taken place. The eyes of the world are on this country at the moment. Other nations are looking on India anxiously to see whether she can handle her affairs well, whether the new Government of India is going to lay the foundations of stability and order and whether international dealings with the Government of this country will be as satisfactory as in the past. They attach much importance to finding out whether the administration of the country will continue stable and on sound lines. There is nothing that I can think of which would do more harm to the prestige, to the influence and to the future position of this country, in the world at large, than if the first Finance Bill introduced by an Indian Finance Member were thrown out by this House. I, for my part, under no circumstances will be a party to any attempt to throw out the first Bill of the Indian Finance Member and I should regard any such action as savouring of treachery to the country in which I live. I have urged upon the Finance Member the unwisdom of the taxes proposed by him and I shall still continue to do so. I shall still endeavour to convince him that some mitigation, particularly of certain taxes, is required and I shall go on to the very last begging him not to take this unwise action. But if he persists, I will not be a party to going in to the lobby against the first Finance Bill of an Indian Finance Member. I do not believe anybody in this House will cavil us at our reason for this decision. And I do not believe there is anybody in this House who would not have felt it wrong, if the European Group had taken upon themselves to say to the first Indian Finance Member that they will try to turn down his Finance Bill. It would be wrong; it would lower the prestige of this country in the eyes of the world and it would not contribute to the attainment of the principal aim of everyone in this House today—the aim of seeing that this country starts along the right lines to orderly and prosperous Government, the right lines to the achievement of the full fruit of independence. Sir, I have therefore no hesitation in saying that I and my Group propose today to vote for the Finance Bill although we heartily dislike its provisions and although we ourselves consider that it is possibly the most unsound Finance Bill presented to this House for many long years.

As regards the two other Bills, the position is rather different. If the Business Profits Tax and the Capital Gains Tax Bill, had remained in their original condition, we should have opposed them. We should have gone into the Division Lobby against them because we thought they were radically unsound. We still think they are unsound, but not so radically unsound as they were before the Honourable the Finance Member made modifications in them, not little modifications, but substantial modifications in them. We are not so obstinate, as to think that we can have things all our own way. The Finance Member has met certain of our objections, and we consider it only fair that we should accept the measure as amended. We do not particularly like the Bills even now, we still think they are not in accordance with such principles of taxation as we understand to be sound, but since the Finance Member has met us half way we are prepared to reciprocate and meet him half way. We therefore do not propose to oppose these particular measures.

Sir, there are many other matters germane to the Finance Bill, and germane to the general administration of the country which is under review at the

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moment, on which I should like to have touched, but already I have exceeded my time

Let me now conclude by summarising our views. We consider the tax proposals in many respects unsound, we consider the Finance Member has underestimated his receipts and, we are not satisfied that it is the path of wisdom to insist on making good the deficit, but nevertheless we recognise the right of the Indian Finance Member to make good that deficit if he so wishes. We recognise that if he chooses to do so, we in this House are morally bound to give support to his attempts in that direction. We do this somewhat less reluctantly, because we believe that the Finance Member is determined to do two other things which will make these measures somewhat less unpalatable.

Firstly we believe that he is really determined to go ahead with the business of retrenchment. We believe that when he spoke the other day about his plan for an Economy Committee he meant what he was saying. We expect to see, in the near future, the utmost possible attempts to start pruning an administration which has grown seriously top heavy. We believe that there is great scope for retrenchment, and we believe that the axe, properly applied, can go a long way towards filling up the gap which at present exists in his estimates moreover—and this is my last point—we support these taxation proposals because we believe that the Finance Member is going to be resolute—the first time that Government ever has been resolute—in the particular matter of catching the tax dodgers. Every one in this House knows that tax evasion is the rule rather than the exception. Every one of us who has business experience could give the Finance Member half a dozen cases of tax evasion. We expect him to take active steps about this matter. It is partly the fault of this House, it is partly our fault, that such steps have not been taken in the past, because from time to time we have refused to arm the Government with some of the powers necessary for this purpose. But in spite of that Government still have very considerable powers. If only Government would exert their powers under section 34 of the Income-tax Act and make arbitrary assessments if only they would show resolution in the matter of catching the tax dodgers, they could bring into the coffers of the State vast sums of money which are at present being lost to us. It is, Sir, in the confident expectation that the Finance Member will take these two measures and thereby justify our support, that, in spite of our dislike of these taxation proposals, I offer our support to the Finance Bill.

The Honourable Mr. Liaquat Ali Khan (Finance Member) Mr. President, the debate on the Finance Bill has been going on for four days.

[At this stage Mr. President vacated the Chair which was then occupied by Mr. Deputy President (Khan Mohammad Yamin Khan).]

Mr. Deputy President, so far 43 Honourable Members have taken part in this annual feast which is held on the floor of the House. Sir, I hope my Honourable friends will forgive me if I do not deal with every point that has been raised during this debate. Mr. Deputy President, Honourable Members of the Congress Party have described me as the financial quack, they have showered on me all the blame for the sins of commission and omission of all my colleagues. One of the Honourable Members of the Congress party has disliked my proposals not because there was anything inherently wrong with them, but because I used the word 'sub-continent' in my speech for India and not *Bharat Mata*. Sir, my Honourable friend Mr. Mohanlal Saksena, who, I notice is not here, has been attributing to me dishonest motives, that my intention in bringing forward these proposals was to ruin the economic life of the country and then to go away to Pakistan. The Honourable Member did not recognise, he did not realise that today the whole of India is one and if I ruin one part of India, I am definitely ruining the other part of India.

Then, Sir, my Honourable friends are angry with me because, not I, but the people in the country and a large section of the Press has described my budget as the poor man's budget. If people in the country described it as such, how is it my fault? Why do you want to blame me for it? Then, Sir, I have been accused, I have been blamed, my proposals have been criticised because again vast numbers of people and a large number of newspapers have described this as a socialist budget. Sir, I made no such claim for my budget. All the claim that I made was that I have framed these proposals not merely from the financial point of view of meeting the deficit, but I had certain social objectives in view as well. Therefore, I do not know why my Honourable friend Prof. Ranga should be angry with me if my budget proposals have stolen the thunder out of his socialism. I did not make any such claim. I am sorry that my Honourable friends look at these proposals with blurred glasses, blurred with prejudice, and they find nothing good in the budget. Some of the Honourable Members seriously stated that there was no provision in this budget for amelioration of the masses. My Honourable friend Prof. Ranga who as a rule studies all the papers that are supplied to him has not taken the trouble to look at the expenditure side of the budget. He spent all his time in finding out how to interpret on the floor of the House the views that had been expressed by a certain section of people through certain newspapers, which are my friend Prof. Ranga's Bible. I can assure my Honourable friends that I do not mind criticism, but I do certainly expect that Honourable Members who criticise would at least take the trouble to study the proposals on the expenditure side as well. I was told not only by Prof. Ranga—he is sitting in front of me and so I find it convenient to address my remarks to him—but by several Honourable Members of the Congress Party who criticised me that there was nothing for the masses in the budget. As a matter of fact Mr. Saksena forgot for the moment when he was speaking that he was discussing the budget of the Government of India and not the budget of the Municipal Board of Lucknow, because he seriously turned round and said, 'There is nothing in this budget for milk for mothers, for free primary education', and so on. Sir, I wish these Honourable Members had really taken the trouble to study the budget. For their benefit and in the hope that next time before they criticise me they will study the facts and figures let me tell them what provision there is in the budget for the amelioration of the poor man. As I pointed out in my budget speech, I have already reduced the burden of indirect taxation in the form of removal of the salt tax and raising the mcometax limit, to the extent of 9 crores and 50 lakhs. Then there are food subsidies. I am told by my Honourable friend Prof. Ranga that food subsidy does not help the poor, it is the rich man who benefits. I can tell you, Sir, that the rich man eats very little of cereals; he eats something better than your wheat and gram. Sir, in the way of food subsidies there is a provision of 17 crores and 35 lakhs. There is a provision of 45 crores to be given as grants to provincial Governments to be spent not on engaging a larger number of officers but for the benefit of the common man on improvements in irrigation, education, public health, medical facilities, 'Grow More Food' and better communications. Apart from that there are loans to provinces for the same purpose to the extent of 92 crores. Then for the purpose of 'Grow More Food' in the central areas there is a provision for 27 lakhs, development expenditure in tribal areas which will be mainly on hospitals and schools, etc.—40 lakhs, central expenditure on schemes for research and on institutions the benefit of which will pass to the common man—36 lakhs, agriculture, fisheries, dairy research, cattle breeding, etc.—2 crores and 92 lakhs, education schemes—1 crore and 44 lakhs; medical schemes—98 lakhs, irrigation schemes—70 lakhs, irrigation research—12 lakhs, power development—14 lakhs, scientific grants—89 lakhs; fertiliser factory, so that we may have better and more manure for agriculture—5 crores and 98 lakhs, buildings for development projects—3 crores and

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25 lakhs, housing schemes for coal-mine labourers—50 lakhs. The total of all these comes to 110 crores and 70 lakhs. Now can any Honourable Member seriously say that in this budget there is no provision made for the amelioration of the condition of the poor people? I wish my Honourable friends had really taken the trouble to study the budget before making this criticism, or, if they had studied it, I wish they had stated facts before the House and not fiction.

Sir, I will not at this stage say very much about the two Bills, namely, the Business Profits Tax and the Capital Gains Tax, they will be discussed when we take them up for consideration. My Honourable friend Sir Cowasjee Jehangir, for whom I have real regard and affection, was very much annoyed over these proposals. He felt that the effect of these proposals would be that instead of living on interest all the time he will have to touch his capital. And that, Sir, reminds me of a story. A big industrialist was walking down the Bombay Chowpatty with a friend and as he was going along some lady passed by—a very ugly old woman—and this industrialist took off his hat. The friend asked, "Who is this old hag that you took off your hat to?" The reply was, "That is my wife. The friend was very much upset about it and offered his apologies. They proceeded further when a smart young girl came along,—lip-stick and so on,—and this industrialist raised his hat again. The friend asked, "Who was that?" "That is my sweet-heart," was the reply. So this friend said, "Look here, in the name of"—I will not use that unparliamentary word,—"how did you come to marry a woman like that?" The industrialist replied, "Well, you see, being an industrialist I live on interest and do not touch the capital. So what I feel is that these rich friends of mine—the industrialists—will have to touch their capital now, they cannot go on living on interest all their lives."

Sir, I do not expect that my proposals will have the effect of running the industry of this country. There was an argument advanced by some Honourable Members that because certain amendments were accepted by me in Select Committee and certain other amendments have been agreed to thereafter my proposals were conceived in a hurry and I did not give due consideration or attention to them. And here I would like to give an answer to a question that was asked by my Honourable friend Mr. Saksena. He asked me whether these proposals are of Government or of the Finance Department. I want to tell him that the budget proposals were and are the proposals of the Government of India. It has been suggested that because certain changes have been made in the Bills they were really defective and hastily conceived. Sir, this is really a very strange world. If I had behaved like a sun-dried bureaucrat and not accepted any amendments to the Bills that I had introduced my Honourable friends would have said, "Look here, this Indian Finance Member never responds to what we say, he does not listen to us, he comes forward with certain proposals and he wants to push them through as his predecessors used to do." Instead of appreciating my meeting the point of view of the Members of this House to a certain extent, I am being blamed for having done a right thing. Let me tell you another thing. There was one other consideration that appealed to me more than any other consideration and that was that I felt that the condition of the labour in all these industries needs improvement and I felt that if I could leave the industry with a little more money than what I originally intended to take from them,

the industry will be able to spend that money not for swelling their profits but for improving the condition of the poor labourers. There are so many reforms that these industries have to do, and I do hope and appeal that the money that will be saved by my reducing the tax will be used not for swelling the profits or the pockets of the big people but for improving the lot of the poor labourers.

Both my Honourable friends, Sir Cowasjee Jehangir and Mr. Vadhilal Lallubhai said that the super-tax rate had been increased and it was much higher than what it was in England. In England the maximum is reached at 20,000 pounds and here, according to my proposal, the maximum in the case of unearned income will be reached at Rs. 1,20,000. But when we are thinking of these amounts we have got to take into consideration certain other factors. Firstly, is £20,000 in England equal to Rs. 1,20,000 in India, or not? A man who has got an income of Rs. 1,20,000 in India I submit is better off than a man who has got an income of £20,000 in England. Secondly, when you are thinking of these incomes and incomes, you have got to take into consideration the wages of the people in that particular country. Now in England the wages of an average man are about 5 guineas a week, that means 20 guineas a month, which comes to about 270 or 280 rupees a month. The highest wages than an average man would get in this country is about Rs. 60 a month. If you calculate on that basis the maximum in this country should have been reached at Rs. 60,000 and not at Rs. 1,20,000, and I have indeed been more than generous to my Honourable friends when I have put the limit at Rs. 1,20,000, and it is no use their comparing it with the income in England of £20,000.

Before I proceed further, let me clear up one point that was raised by Dr. Deshmukh. He said you are going on increasing the tax like what it is in England, but you don't provide relief. May I point out to him that I have not raised the tax in the lower reaches where relief is necessary, and I would like to point out to him and give him figures comparing the rate of income tax in England with the rate of income tax in India. I have got some figures here. Let me tell you that I am giving you figures with regard to the tax of a person with a family of three children. That means it is excluding all those

Income	Rate of tax in India	Rate of tax in England
£ 300 (Roughly Rs. 4,000)	2.7 %	-
£ 600 (Roughly Rs. 8,000)	4.9 %	11.4 %
£ 900 (Roughly Rs. 12,000)	6.6 %	21.0 %
£ 3000 (Roughly Rs. 40,000)	26.7 %	41.0 %
£ 6000 (Roughly Rs. 80,000)	42.7 %	54.9 %

Therefore when my Honourable friend says that we should have provided relief as they have done in England when we were raising the tax, I am afraid he was not quite right. For one thing I did not raise any tax on these incomes.

Dr. G. V. Deshmukh: May I interrupt the Honourable Member for a minute. You said £20,000 in England are equal to Rs. 60,000 here.

An Honourable Member: No, no.

Dr. G. V. Deshmukh: You said

Mr. Deputy President: The Honourable Member should address the Chair.

Dr. G. V. Deshmukh: I am addressing the Honourable Member through you. To make the point clear, Rs. 60,000.

The Honourable Mr. Liaquat Ali Khan: I am afraid the Honourable Member really has not understood it and being a Doctor I can forgive him.

Dr. G. V. Deshmukh: Sir, I accept the apology from a lawyer.

The Honourable Mr. Liaquat Ali Khan: Lawyers are well known for commonsense

Now, Sir, I must proceed with the next point. I only wanted to meet Mr. Deshmukh's point that I have not increased any income-tax on the income of these people, and apart from that the income-tax even now is much lower than what it is in England. And, therefore, I think, he was wrongly informed by his constituency which he was representing here that I had really done something which was absolutely wrong and which had no moral justification.

Dr. G. V. Deshmukh: I do not want to say anything now, but we will discuss it

The Honourable Mr. Liaquat Ali Khan: Yes, we will

Dr. Deshmukh referred to another matter and that was about the Investigation Commission. I can assure him on that point and other Honourable Members of this House that I am fully aware of the importance of finding the best people for this Commission, men with knowledge, experience and what is more with great integrity and honesty, because I feel that unless we had members of this Commission men of that type it would not only not do any good but it would do a lot of harm to have such a Commission at all. Sir, I am sure that India will be able to produce three men with those qualifications.

Now I come to my Honourable friend, Mr. Manu Subedar. Most of the points that he raised were really raised in the discussion on the budget. He has referred to planning. I am afraid here again some of those friends who have criticised me with regard to this matter have again not looked at it from the angle from which I looked at it. They are so much obsessed with this idea of the Muslim League having as its goal *Pakistan* that whatever any Muslim Leaguers utter they see *Pakistan* in that. When I was talking of planning, I was not talking of planning on the basis of Muslim majority zones or Hindu majority zones. I was talking of zonal planning on the basis of economic zones in this country.

Prof. N. G. Ranga: What are these zones?

The Honourable Mr. Liaquat Ali Khan: May I tell you? There is the Indus Valley Zone, there is the Ganges Valley Zone, there is the Brahmaputra Valley Zone, the Damodar Valley Zone, there is the Godavari Valley Zone. Does my friend want any more zones?

But the moment you talk about something my friends begin to feel that it is *Pakistan*. If I talk of zonal planning and economic development of the country they see *Pakistan* in that. If I present a budget which according to me is the budget which consists of principles which I believe India should follow, they say now, here is *Pakistan*. This fellow is running the finances for this.

I wish members would really look at these problems not from that angle. I can tell him, and I can assure you, Sir, that as long as I hold this portfolio which I am doing, I shall discharge my duty and this trust with honesty. I shall not use the powers which I have for destroying one community or the other because I feel that that would be a most dishonest act for anyone holding a position of trust and responsibility.

Sir, my honourable friend, Mr. Subedar, referred to section 40 and 41 of the Reserve Bank. I thought I had finished with that question by giving an answer that the Bill was under preparation at the moment. But as he has raised this question I want to tell him that I hope to introduce that Bill within the next two or three days. It is ready and I think the House will have it very soon.

My Honourable friend, Mr. Subedar, used rather a peculiar argument. He said that the Finance Member has provided Rs. 45 crores for the provinces when last time the provinces were not able to use all the grants that were

provided for them, and from that he concluded that those provinces were not able to use the money that was placed at their disposal because they had too much money of their own. That is not a fact. The point is as my honourable friend knows that because of the shortage of material and because of so many other considerations, it is not possible for the provinces—it was not possible last year for the provinces—to utilise all the money that was placed at their disposal for development purposes. I hope, and it is my desire that the provinces should use this money which we are placing at their disposal for development purposes.

Mr. Manu Subedar: The Finance Member has not got my point. I was questioning the propriety of making a provision of Rs. 45 crores in this year's budget when they could not spend Rs. 25 crores and that some of those provinces did not need money, especially when they were bulging with accumulated funds.

The Honourable Mr. Liaquat Ali Khan: I do not see any unpropriety in this because my friend does not know that this Rs. 45 crores has not been provided out of revenue. Therefore it would have had no effect on the deficit in the budget. If I had not provided the Rs. 45 crores the deficit would have been the same as it is after providing for it because this Rs. 45 crores had been provided out of capital and not out of revenue.

My Honourable friend, Mr. Subedar, referred to my proposals as being like throwing a man from the balcony and not knowing as to what would happen to that man and my honourable friend, Mr. Griffiths, was very much struck with this story. I am not throwing a man from a balcony on to the pavement. I am only pushing him from an eiderdown cushion to a silk cotton cushion! And therefore, Mr. Deputy President, there is no danger of this man either breaking his head or breaking his legs.

Mr. C. P. Lawson (Bengal European) He might catch a cold!

The Honourable Mr. Liaquat Ali Khan: My friend, Mr. Lawson says he might catch a cold. I think every Indian, if he has to face the future in this country, must be more hardened than that!

There was another point that was raised by Mr. Subedar, and I was rather surprised that a man of his knowledge and ability should have said this. He said no previous Finance Member has ever put such a heavy direct tax as I have done. Naturally, because every previous Finance Member was interested in capitalism and capitalists, because whenever any of my predecessors had to put a tax, he had to think not only of the Indian industrialist but also of my friend, Mr. Griffiths and others over there. Therefore, all the burden during these years that was put was put on the back of the poor man. The policy of the previous Finance Members was not to put direct tax because it was going to effect the pockets of all those in whom they were greatly interested and I do not want to follow that practice or that example. I want to put the burden where it should be put and take off the load from the back of those poor people who have carried this load for hundreds of years in this country.

Some of my honourable friends have said, and rightly so, that I have not been able to remove some of the excise duties. Nothing would have given me greater pleasure than to do that. But surely I am not a magician. You do not like me to tax the rich and you want me to remove the burden from the poor. Now I do not know of any method by which I could just create money of course I know I have the machinery. I have the Nasik Press. But then I do not want to see millions suffer. I was saying I can do that but it would mean death to hundreds of thousands of people. You can create money, but then you have got to suffer also for that and therefore, Sir, I do not propose to follow that policy. Now, Sir, Prof. Ranga and as a matter of fact some other members also stated that my estimates of revenue were

[Mr. Liaquat Ali Khan]

wrong, that I should not have depended on my officers of the department but that I should have depended like them on the figures supplied by those who are to be directly affected by these proposals. I would much rather depend on the estimates prepared by the officers of my department who do not stand either to gain or lose by these taxes, than depend on the figures supplied to me by those who are going to be affected by my proposals. I believe that the figures that have been given are accurate. I said in the Select Committee and I say it here that with regard to the figures about the Capital Gains Tax we really have no correct data, because it is a new tax, it is being imposed for the first time and it can only be, after you have worked that for two or three years that you will be able to have a very correct estimate of the income from that particular source. But I am not prepared to accept the figure that was given by Mr. Manu Subedar, *viz.*, that I shall get 20 crores by this tax and if I do get that much, Mr. Deputy President, I can assure you that I shall be the happiest man, because, as I stated in the beginning in my Budget speech, my object is not only to cover the deficit but my object is to get as much money as I possibly can, without ruining or injuring or hurting the economic life of this country. Because the more money I have, greater the schemes that we can carry out for the good of the poor people and therefore if I get 20 crores as my Honourable friend said, I shall be very happy indeed. As a matter of fact one of my industrialist friends repeated to me the same thing, *viz.*, that we will get 20 crores. I said that I would sell this tax to him for ten crores, but even though he was a businessman he would not take it. (Interruption) I said that to show to him that he was only trying to fool me by putting forward this proposition that I will get 20 crores from this source. I only hope that Mr. Manu Subedar's estimate is correct.

Mr. Manu Subedar: I shall bet a hundred rupees with you. You will see it next year.

The Honourable Mr. Liaquat Ali Khan: I shall thank my Honourable friend from the bottom of my heart if I get 20 crores, because then I shall really feel very happy that although I had to go to America to get the basis for this tax, it was after all a very useful measure.

Before I deal with the speech of the Leader of the Opposition I had better say something about a suggestion or a proposal that was made by Mr. Nauman and supported by Mr. Nazimuddin. All that I can say is that if any province sends a request to the Government of India for financial help to rehabilitate those poor victims of the communal frenzy and communal riots which have brought disgrace on the whole of India, the Government will examine the requests with sympathy and on merits. But at the same time the provinces must recognise that it is then duty in the first instance to do all that they can for those unfortunate people and they can only come to the Government of India for help if they find that their finances really cannot stand this expenditure. I know that in some provinces the havoc has been terrible and I am making this statement, because I feel that those provinces may not be able to incur the expenditure which would be required for the rehabilitation of the unfortunate victims.

I now come to the speech of my Honourable friend Mr. Griffiths. As usual he has spoken with great eloquence but I do not think he has really raised any new point. There is one difference between my Honourable friend and myself and only the result can show who is right. He thinks that my taxation proposals will ruin industry. I am convinced that they will not. So we will have to wait till next year and see whose prophecy is right. This is a mere guess and a fear whereas my belief is based on facts. The B.P.T. as I stated the other day, will be a tax on profits that have already been

earned by the industrialist for 1946-47 and I feel that there are sufficient profits to be taxed without doing any harm or injury to industry as such. I have got the figures from my Department and I am convinced that on the basis of those figures industry will not feel the pinch of this taxation. As a matter of fact let me tell my Honourable friend that industry never expected the removal of the E.P.T. last year and I think practically every industrialist was expecting that there will be a reimposition of the E.P.T. for 1946-47. Now in connection with this E.P.T. my Honourable friend Prof. Ranga and some other members also said that the industrialists say that the E.P.T. would have given you more money and so why are you such a fool that you would not take more money but still insist on imposing the B.P.T. (Interruption by Shri Mohan Lal Saksena) My Honourable friend Mr. Saksena says that the department gave the figures. I am afraid he did not understand those figures. When the time comes to discuss those figures I expect that it will be one of the points that will be raised in the debate on this Bill and I shall then deal with this question. But the point is simple. If my original estimate of 30 crores was going to paralyse industry, then the E.P.T. with a much higher yield must paralyse it more. How it can paralyse industry less I do not understand, because after all it is money that has to come out of the industry. As a matter of fact let me tell my Honourable friends here and others that large sections amongst these big industrialists got off lightly under the E.P.T. It is the smaller industries, and the newly started industries which have suffered more on account of the E.P.T. and it is the newly started industries and the smaller industries which will benefit more on account of the B.P.T. than they would have under the E.P.T. As far as the total effect on industry is concerned if industry is going to pay more than what my proposals contemplate then surely the industry must be paralysed more. Therefore I would request my Honourable friends to consider this. I have not got any special love for B.P.T. Neither B.P.T. nor E.P.T. affects me. It is not that I was thinking of my interest or that of some of my friends. It was because I was convinced that the B.P.T. was a fairer tax than the E.P.T., because the incidence of the B.P.T. was more equitable and fair than the incidence of the E.P.T.

Now, Sir, there is one point that my honourable friend Mr. Griffiths raised and I think some other Honourable Members also referred to it. It was that I should have really prepared my budget for the next three or four years. That is no doubt one of the methods, of preparing a budget for the next two or three years. But I am sure my Honourable friends would recognise it is no use burying one's head into sand like an ostrich and declaring that there is no storm. The statement of His Majesty's Government of the 20th February has made a great change with regard to the future political position in this country and I think I would have been foolish to try and foresee as to what would happen two or three years hence. It is not that I do not want to do it or it is not that I would not like to do it. One thing is certain. Everybody recognises whatever his views may be about united India or divided India, that the Government of India as it is today is not going to be in the future. Therefore it would have been foolish for me to prepare a budget for the next two or three years and on that basis not try and get money from those who can pay at this time when they have got the money. If I had come forward with a budget for three or four years and in that I had shown that there won't be any deficit, I am sure none of my friends would have voted for any fresh taxation. They would put forward this argument against me namely, 'After three or four years your budget will be balanced. Then why do you want to put this tax now?' Even now it is very seriously suggested that I should leave the deficit, that I should not bother about it, that it is nothing, that we should live on deficits. Well, Sir, I do not believe in that policy. I believe that as long as it is possible you must try and meet the deficits to whatever extent you can by means of taxation, without injuring

[Mr Liaquat Ali Khan]
the economic life of the country in any way I do not agree with this theory that we should not try to meet our deficit

Sir, I have heard it said that the effect of my proposal on income-tax would be that it would stop incentive and that the big industrialists would not really put their heart and mind into their work and that consequently production will suffer. I entirely agree with my honourable friend Mr Griffiths. I do not think that all the industrialists are bad people. But this taxation will show who are real patriots and who are not. Those who are working for money—well, I say let them not worry. But those who are working for the good of the country and for the economic uplift of the country will go on working. Let me tell you, Sir, that the reward for an honest man for his labour is never measured in terms of money. It is the return that he gets in terms of success or failure which really matters. Therefore, as far as incentive also is concerned, let me tell you, Sir, that there is plenty of incentive. I am told that these people will not put in their money and that they will not work. Where will they go? Will they go and sweep the streets of Delhi? Everybody will have to work.

Then, Sir, I am told that if you say that the dividend is 5 per cent why should people go and put their money in industry? The man would go and buy government paper at $2\frac{1}{2}$ per cent.

Sir Cowasjee Jehangir: $2\frac{1}{2}$ per cent you will never get.

The Honourable Mr. Liaquat Ali Khan: I am not saying at what rate I would get it. But I am only quoting my Honourable friend Mr Griffiths.

Mr. P. J. Griffiths: On a point of personal explanation, Sir, I said that if as a result of taxation a company was only likely to pay $2\frac{1}{2}$ per cent then people would invest rather in government paper.

The Honourable Mr. Liaquat Ali Khan: My honourable friend says that if it will pay only $2\frac{1}{2}$ per cent and therefore people will invest in government paper. If people will invest in government paper at $2\frac{1}{2}$ per cent then the Government will have to utilise the services of these big industrialists and establish industries. I really don't understand my Honourable friend saying that the Government cannot do it. I do not follow that logic. Why cannot they do it? If my Honourable friend Mr Griffiths can work for some industrialist why can he not work for the Government?

Mr. P. J. Griffiths: When the Finance Department exercise such a stranglehold on enterprise how can he work Government.

The Honourable Mr. Liaquat Ali Khan: I am not talking of private enterprise. I was saying that if I get money at $2\frac{1}{2}$ per cent and the State had to start industries, with capital got at $2\frac{1}{2}$ per cent is it contended that the State would not make any money?

Mr. P. J. Griffiths: It is contended that it will be too cumbersome to do anything quickly and efficiently.

The Honourable Mr. Liaquat Ali Khan: I entirely agree that that has been the position in the past. But I hope the state of the future would be different.

Mr. P. J. Griffiths: It would be just the same.

The Honourable Mr. Liaquat Ali Khan: If that is not the position, if capitalism in this country has come to stay for all time to come, well then God help this country. As a matter of fact, I do not for a moment believe that all our industrialists are really mercenaries. It is natural that everybody, if he can get more, wants more. But when I find I cannot get, then I have got to put in my best effort and get whatever I can out of it. What we have to see is this whether we are really leaving sufficient for him or whether we

are not. And I submit, Sir, that according to my proposals there is sufficient money being left not only for the development of industry but for the development of industrialists also.

There was another point. I have taken a lot of time, but as I said, Sir, I have to reply to 43 speeches, and the debate has been going on for four days. My Honourable friend Mr. Griffiths said that they are supporting these measures. I am grateful to him and to the Members of the European Group for the support that they have given me in this belief that tax evasion will be stopped with great vigour and every step possible will be taken in that direction. I can assure him that it is my desire and it is my intention to do every thing that I possibly can because I think those men who evade taxes are greater moral criminals than a poor man who goes and steals something to fill his stomach. I will forgive a poor man if he committed burglary and took some money or some stuff to feed his wife and children who are starving and dying, but I cannot forgive a man rolling in wealth trying to cheat the State. Here I think it is really public opinion which must come forward and create a feeling amongst this class of people that they are social parasites and they are no credit to the society in this country. I was told by my friends, and told very seriously that if I raise the tax there will be more dishonesty. I am not willing to accept this proposition that the Indian character has so degenerated that we can brook dishonesty like this with complacency. We must create public opinion that any man who tries to cheat the State in this way is really a social criminal and a dangerous member of the society. The other point that Mr. Griffiths raised was

Mr. Leslie Gwilt (Bombay European) Sir, may I know, before the Honourable Member proceeds to another point, whether he would be prepared to consider the enactment of the clause proposed in the Income-tax Bill introduced at the time of the 1914 Budget giving the right of entry to income-tax officers and stamping of books and which was objected to by this House? Does he propose to reconsider such enactment?

The Honourable Mr. Liaquat Ali Khan: I think the Honourable Member is referring to the Bill which was not accepted by the House. In that connection I would like to say that that is only one of the methods. The object in appointing the Investigation Commission is two fold, firstly to advise the Government in the light of the experience that they might gain as to what steps should be taken to make the income tax machinery more effective and what laws should be passed to see that there was no tax evasion or that tax evasion could be stopped as far as possible. The other point is to see if we cannot get some money out of those who have made big fortunes and have not paid tax which is due to the State. The suggestion that has been made is indeed one of the matters which will be taken into consideration. The other point that my friend Mr. Griffiths raised was about the Economy Committee. I can tell him that as soon as I get a little respite I shall at once devote my attention to this matter. As a matter of fact I have already asked my officers to prepare a draft regarding the terms of reference and so on so that we can start it as soon as possible.

Sreejot Rohini Kumar Chaudhury: What about the excise duty on betel nuts. Will this also benefit the poor man?

The Honourable Mr. Liaquat Ali Khan: As regards the Income-tax Commission, I did give a reply to one of the questions that were put and I said that it was the view of Sir Gopalaswami Aiyangar that unless there was some light with regard to the future constitution, it was futile to start this inquiry. I myself wanted it but I thought that this gentleman who has got great experience and great knowledge, when he said that, there must be something in it and I think there is something in that proposition.

[Mr. Liaquat Ali Khan]

Now, Sir, I do not think I have left any point of importance. Once again I would repeat that I am convinced that my taxation proposals will not injure industry in any way. I am convinced that the policy of taxation which I have adopted, whatever may be the theories in books and by economic experts, is the correct policy in this country. The policy is social justice. I repeat that phrase again. My Honourable friend Mr. Griffiths said that there was no scientific definition of it. There cannot be a scientific definition of it. Social justice will depend on so many factors. The first thing that has got to be done is to remove as far as possible those glaring disparities that exist in this country and there are two ways of doing it—raise the level from below and bring the level down from above. I have done that. I repeat that the State should not look at taxation from this point of view—that so much money is needed to meet the bare requirements of the Budget. The State must also see that taxation is raised to the extent which the people can bear, without injuring the economic life of the country in any way.

Sir, I have done. I do hope that the House will accept the motion that I have moved.

Mr. Deputy President: The question is

“That the Bill to give effect to the financial proposals of the Central Government for the year beginning on the 1st day of April 1947 be taken into consideration.”

The motion was adopted.

The Assembly then adjourned till Eleven of the Clock on Friday, the 28th March, 1947.

LEGISLATIVE ASSEMBLY DEBATES

FRIDAY, 28th MARCH, 1947

Vol. IV—No. 4

OFFICIAL REPORT



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LEGISLATIVE ASSEMBLY

Friday, 28th March 1947

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr President (The Honourable Mr. G. V. Mavalankar) in the Chair

STARRED QUESTIONS AND ANSWERS

(a) ORAL ANSWERS

INCREASED EXPENDITURE OF CENTRAL GOVERNMENT AND APPOINTMENT OF A RETRENCHMENT COMMITTEE

1239. *Mr. Manu Subedar: (a) Will the Honourable the Finance Member please state if Government have ascertained what is the total amount of increased expenditure in each Department of the Central Government and how much of such increase is due to the increase in the scale of pay and the increase in the number of employees?

(b) Do Government propose to consider the desirability of appointing a retrenchment committee to work on the lines of the Inchcape Committee?

(c) What measures do Government propose to take in order to reduce the staff, which was increased during the war period, but whose continuance may not be justified on financial grounds?

(d) Have any officer or officers been specially deputed to attend to this work in the Secretariat and, if so, who are they, and have they submitted any report?

The Honourable Mr. Liaquat Ali Khan: (a) No such detailed investigations have been made. The general growth of expenditure will be apparent from a study of Statement VII in Part I of the Explanatory Memoranda on the successive budgets of the Governor General in Council.

(b) and (c) The attention of the Honourable Member is drawn to paragraph 43 of my speech on the floor of this House on the 28th February, 1947, while presenting the budget for 1947-48.

(d) No

Mr. Manu Subedar: May I know whether the Government have listed out separately in each Department the number of posts which did not exist before the war and whether they have asked the Department to give an explanation as to the reasons why such a post should now continue?

The Honourable Mr. Liaquat Ali Khan: All these matters, as I have said, will be examined by this Economy Committee that I propose to appoint.

Mr. Manu Subedar: May I know when the Government will announce the appointment of the Economy Committee and whether in the programme of the Economy Committee it will be laid down that it will be expeditious?

The Honourable Mr. Liaquat Ali Khan: I cannot give any definite date, but I hope to announce its appointment as soon as possible. It may be even during the present session of the Assembly.

As regards the work, it will be necessary, if we are to make any improvement in our expenditure, that the report of the Committee should be available as soon as possible.

Seth Govind Das: Will the Government see that no retrenchment is made at least in two Departments that is, the External Affairs Department and the Commonwealth Relations Department?

The Honourable Mr. Liaquat Ali Khan: The expenditure of all the Departments will be examined by the Committee

Mr. N. M. Joshi: May I ask whether on this Committee there will be a representative of the employees of the Government of India?

The Honourable Mr. Liaquat Ali Khan: I believe that the Honourable Members of this House are interested in employers as well as employees

Prof. N. G. Ranga: May we take it that the Government will keep in mind the distinction between retrenchment and economy and will concentrate more on economy than on retrenchment?

The Honourable Mr. Liaquat Ali Khan: If my Honourable friend had listened to my speech, this point would have been made clear to him

‘TOTAL INDEBTEDNESS OF INDIA

1240 *Mr. Manu Subeda: (a) Will the Honourable the Finance Member please state the total indebtedness of India on the last date for which figures are available and how it compares with the debt of the country as on 31st March 1939?

(b) What is the total amount in sterling and in rupees?

(c) In addition to the Funded Debt, how does the outstanding at the last date for which figures are available, for the Unfunded Debt compare with that on 31st March 1939?

(d) Under what other obligations have Government got funds with them, which have to be ultimately paid out, and what is the total amount of such funds now, is compared with that outstanding on the 31st of March 1939?

(e) Have Government taken any steps to counteract the propaganda that the Government of India have grown richer as the result of the war?

The Honourable Mr. Liaquat Ali Khan: (a) to (c) A statement giving information as on the 31st October 1946 is placed on the table of the House

(d) The balances of a large number of funds like the Depreciation and other Reserve Funds of Government Commercial Departments and special funds created for development and repayable deposits like Excess Profits Tax deposits are merged in the Government's cash balance. The total of the more important of these obligations at the end of 1945-46 amounted to Rs. 290.27 crores against Rs. 36.59 crores on the 31st March 1939.

(e) Government do not consider that any special action is necessary to counteract propaganda of the nature referred to

Statement showing the debt position of the Government of India

(In lakhs of rupees)

	As on 31st March 1939	As on 31st October 1946
Rupees Debt	Rs	Rs
Permanent Loan (including loans in course of discharge)	4,38.12	15,16.26
Treasury Bills	46.30	71.10
Special Floating Loans		
Total	4,84.82	15,87.36

	As on 31st March 1939	As on 31st October 1946
	Rs.	Rs.
<i>Sterling Debt—</i>		
Ordinary Loans	3,96.51	13,38
War Contribution	20.62	20.62
Railway Annuities	47.82	23.39
Total	4,64.95	57.39
Grand Total	9,49.77	16,44.75
<i>Unfunded Debt—</i>		
India	2,25.13	3,59.69
England	4.18	3.40
Total	2,29.31	3,63.09

Mr. Manu Subedar: Have Government seen the propaganda to which reference has been made today, namely, that not only has India become very rich during the period of the war but that, as a result of the war itself, this Government has become very rich?

The Honourable Mr. Ishaq Ali Khan: I suppose my Honourable friend is referring to the propaganda that has been carried on in England in connection with sterling balances. In that connection, I would like to point out that the Government of India have never accepted this and a Cabinet Committee in the United Kingdom set up a couple of years ago endorsed the view that by and large there had been no undue increase in prices of supplies. The views of the Government on this point are well known to both the public and His Majesty's Government and there is no reason to undertake any measures to counteract this misinformed propaganda.

Mr. Yusuf Abdoolah Haroon: On a point of order, Sir. Is newspaper reading allowed in the House?

Mr. President: I think the Honourable the Home Member is trying to study something in connection with an adjournment motion. He is not reading the paper.

ASSETS BELONGING TO HIS MAJESTY'S GOVERNMENT REMAINING IN INDIA

1241. *Mr. Manu Subedar: (a) Will the Honourable the Finance Member please state if Government are in a position to state the extent and volume of the assets belonging to His Majesty's Government which remained in India?

(b) In what manner have these assets been disposed of?

(c) Which of these assets have been taken over by the Government of India and on what terms?

(d) Has any actual transfer of funds been made in connection with such acquisition by the Government of India?

The Honourable Mr. Liaquat Ali Khan: (a), (b) and (c). Assets belonging to His Majesty's Government in India fall into one or other of the following categories

(1) Capital assets created in connection with the expansion of Industrial capacity in India for war purposes, and

(2) Other Capital assets, such as store buildings, hospitals, workshops, office buildings, residential accommodation, camps, etc

The Capital assets relating to category (1) have been acquired by the Government of India on payment of 50 per cent. of the Capital cost. In this connection the attention of the Honourable Member is drawn to para 25 of my predecessor's speech introducing the budget for 1943-44. The amount paid by the Government of India to the end of 1945-46 on this account is Rs 14.81 crores. A relatively small balance is still due and will be paid as soon as the information necessary to determine its award has been received.

As regards other Capital assets mentioned above the Government of India intend to take them over on suitable terms to be discussed with His Majesty's Government as a part of the sterling balances negotiations.

(d) Yes, I would request the Honourable Member to refer to the answer to parts (a) to (c) of the question.

Mr. Manu Subedar: Will Government tell this House whether it is a fact that in the stores which are now being disposed of by the Disposals Department the entire realisation is credited to His Majesty's Government and that the expense of the Disposals Department and also the expense of the storage and other charges incurred are borne by India?

The Honourable Mr. Liaquat Ali Khan: I would like to have a notice of this question and then, I think, I will be in a position to give a definite answer.

Mr. Manu Subedar: Will the Government consider the advisability of discontinuing this practice if it is a fact that the entire sale proceeds, which during the last year amounted to about 37 crores of rupees, are transferred to His Majesty's Government by the Reserve Bank immediately as soon as the money falls in the hands of the Government of India? May I know why the Government of India should not hold these moneys pending the mutual negotiations which are taking place?

The Honourable Mr. Liaquat Ali Khan: The entire cost of this was, I understand, paid by His Majesty's Government and, therefore, the sale proceeds are also paid to His Majesty's Government. But I appreciate the point that has been raised by my Honourable friend and all that I can say at this stage is that I shall have it examined.

Prof. N. G. Ranga: How are these payments made? Were they debited to the sterling assets in England or did they form a separate transaction?

The Honourable Mr. Liaquat Ali Khan: These are paid out of sterling.

Prof. N. G. Ranga: Are they paid out of the sterling assets that we hold in England?

(No reply)

EXEMPTION FROM INCOME-TAX OF BUILDINGS UNDER CONSTRUCTION

1242. *Mr. Manu Subedar: (a) Will the Honourable the Finance Member please state if Government have called for any returns of the buildings under construction which will receive the benefit of the exemption from income-tax announced on the occasion of the last Budget?

(b) What specific steps have the Government of India taken to encourage the building trade?

(c) Have the Government of India called for, or received any particulars of the measures taken by various Provincial Governments to encourage private enterprise in building and more specifically to supply under controlled conditions the various materials required for building houses?

(d) Have Government studied the efforts made elsewhere in the world for the supply of pre-fabricated houses?

(e) Have Government examined the possibility of helping quicker constructions by any of the methods used in other parts of the world?

(f) If not, do Government propose to appoint an outstanding architect and engineer to study Indian conditions from this point of view?

The Honourable Mr. Liaquat Ali Khan: (a) No separate returns have been prescribed, but an additional heading has been inserted in the income-tax form to enable the assessee to show separately the income from buildings erected during the period from 1st April, 1946 to 31st March, 1948

(b) I would invite the Honourable Member's attention to paragraph 39 of my Budget Speech and to paragraph 32 of the Budget Speech for 1946-47

(c) This is a Provincial responsibility and no specific reports have been called for

(d) and (e) These and similar questions are being examined and will be considered when large housing schemes are taken up

(f) Does not arise at present.

Mr. Manu Subedar: With reference to part (b), may I know whether Government are aware that buildings in the course of construction in various cities in India are being held up for want of cement and steel and the bottleneck therein is concerned with railways and if it is a fact, will Government try to see that some priority is given for building materials urgently required for putting up new houses?

The Honourable Mr. Liaquat Ali Khan: The subject matter of the question refers to Labour and Industries Departments and I would request the Honourable Member to put questions down to that effect to Honourable Members in charge of these departments. I am not in a position to say as to what happened with regard to this particular matter

Seth Govind Das: Is the Honourable Member aware that in certain places there are unfinished houses on account of lack of building materials and will the Honourable Member at least give instructions to the provincial governments that first the requirements of these unfinished buildings should be met before giving building materials for new houses?

Mr. President: The question is already covered by the reply he gave.

Mr. Manu Subedar: May I know whether it is not possible for the Disposal Board or for any other Secretarial Committee of the Government of India to take up issues in which the acknowledged policy of one department namely the Finance Department in the matter of housing is given full effect to by other departments in the matter of priorities and is it not possible to have a common committee where a matter like this runs over more than one department?

The Honourable Mr. Liaquat Ali Khan: As I said I am not in a position to say whether what my friend alleges is not being done. It will only be the Member in charge who can answer it. I do not accept that whatever was laid down in the budget speech of my predecessor is not being done. I am not in a position to say that it is not being done for want of further information. All that I said was that I am not in a position to give him information on the point on which he requires it.

Prof. N. G. Ranga: Is the Honourable Member aware of the fact that during the last budget discussions, his predecessor gave the assurance that the needs of rural areas also for building materials and for this particular subsidy would be

given due value and whether Government have now given any sort of suggestions or directives to the provincial governments when they were making this subsidy available to them that they should pay special attention to rural areas and their needs for housing

The Honourable Mr. Liaquat Ali Khan: Here again I would say that it is really a question that can be replied by the Honourable Member in charge of Labour

Prof. N. G. Ranga: May I know whether it is the Labour Department that placed the monies at the disposal of the provincial governments? I am only asking the Finance Department who was responsible for making this grant whether they have given any sort of suggestions to provincial governments to pay attention to rural areas?

Mr. President: That is a subject matter for the Labour Department

The Honourable Mr. Liaquat Ali Khan: I will make the position clear. The demands for Grants from various provinces do not come direct to the Finance Department, they come through the administrative departments and therefore it is the administrative department that issues instructions and so on with regard to particular matters that may be connected with particular demands

Prof. N. G. Ranga: In that case, will Government consider the advisability of pursuing the former practice in regard to rural development grants and publishing periodical reports as to the manner in which the provincial governments are making use of the Government of India grants?

Mr. President: That has to be addressed to the Minister concerned

Prof. N. G. Ranga: Previously it was the Finance Department which was publishing the reports as to the manner in which the rural development grants was being utilised by provincial governments

The Honourable Mr. Liaquat Ali Khan: Because there was a special fund for that purpose. At that time money was given by the Central Government for rural development and therefore the Finance Department had a report from the various provinces which was published

REVISION OF PRESS LAWS IN INDIA

1243. *Mr. Ahmed E. H. Jaffer: (a) Will the Honourable the Home Member please state if Government propose to appoint a Committee to revise the existing Press Laws in India and to bring them in line with the Press laws obtaining in Britain and the United States of America?

(b) Have Government received representations in this behalf recently?

(c) Do Government propose to advise such a Committee when appointed to study the existing Press Laws in important foreign countries and make recommendations, keeping in view the peculiar conditions obtaining in India?

The Honourable Sardar Vallabhbhai Patel: (a) to (c) I would invite the Honourable Member's attention to Home Department Resolution No. 33/33/46-Political (I), dated the 15th March 1947 which was published in the *Gazette of India*, dated the 15th March 1947. The Resolution gives the composition and the terms of reference of the Committee which the Government of India have appointed on the subject

Miss Maniben Kara: Will the Government consider the advisability of appointing a Royal Commission as has been done in England to investigate into the ownership and control and the chain of papers owned by capitalists?

The Honourable Sardar Vallabhbhai Patel: I am afraid the question of Royal Commission would be a very difficult matter when the Royalty itself is coming to an end in India

Miss Maniben Kara: The Honourable Member can suggest the lines . . .

Mr. President: Order, order, that is argument.

INTRODUCTION OF PROHIBITION IN CENTRALLY ADMINISTERED AREAS

1244. *Seth Govind Das: Will the Honourable the Finance Member be pleased to state:

(a) whether Government are aware that prohibition is being introduced in several Provinces in India; and

(b) whether Government propose to consider the desirability of introducing prohibition in Centrally administered areas as well, and, if so, when?

The Honourable Mr. Liaquat Ali Khan: (a) Yes—in parts of several provinces

(b) The Government will consider the question at the appropriate time

Seth Govind Das: How much revenue does the Government derive from the Centrally Administered areas from this department?

The Honourable Mr. Liaquat Ali Khan: If I remember aright, I gave the answer the other day. I am afraid I am not in a position offhand to tell my Honourable friend what is the exact amount of revenue that Government gets from these sources

Seth Govind Das: Is it not a fact that the revenue derived from this department is very trifling and the Government can see its way to have prohibition in Centrally Administered Areas immediately?

The Honourable Mr. Liaquat Ali Khan: All I can say is that it will not be the consideration of revenue that will stop the Government from going forward with the policy of prohibition

Seth Govind Das: What are the other considerations for not introducing prohibition in centrally administered areas immediately?

The Honourable Mr. Liaquat Ali Khan: Administrative considerations

GRIEVANCES OF INDIAN STUDENTS IN ENGLAND

1245. *Seth Govind Das: Will the Honourable Member for Education please state

(a) whether Government are aware that grievances were voiced by the Indian students at the annual meeting of the London Majlis,

(b) whether it is a fact that the Education Department of the India House in London is not attending to the needs of the Indian students, and

(c) if so, how Government propose to remedy this state of affairs?

آرمیل مولانا ابوالکلام آزاد : (اے) آنریبل ممبر کو اس جواب کی طرف
توجہ دلائی جاتی ہے کہ جو اس اسمبلی کے اجلاس ۲۷ فروری کو سوال نمبر ۹۲۴ اور
۹۳۷ کے جواب میں دیا گیا تھا -

(بی) اور (سی) گورنمنٹ نے ایک کمیٹی ڈاکٹر پی۔ سی۔ رائے کی چیئرمین شپ
میں اس عرض سے مقرر کی ہے تاکہ وہ سنڈرز بار اسکالرشپ کی پوری اسکیم کی نئے
سرے سے جانچ پڑتال کرے - یہ کمیٹی ان تمام شکایتوں پر بھی غور کریگی جو اس
سلسلہ میں کی گئی ہیں - کمیٹی کو ہدایت کی گئی ہے کہ اس کی رپورٹ ۱۵ جولائی
۱۹۳۷ عیسوی تک گورنمنٹ کو ملجائے - گورنمنٹ اپنی آئندہ پالیسی کا فیصلہ اس
کمیٹی کی رپورٹ کی روشنی میں کریگی -

The Honourable Maulana Abul Kalam Azad: (a) The attention of the Honourable Member is drawn to the answers to starred questions Nos 624 and 637, dated the 27th February, 1947 in the assembly during the current session.

(b) and (c) The Government have appointed a committee under the Chairmanship of Dr B C Roy to examine the whole scheme of overseas scholarships including complaints received and with instructions to submit their report by the 15th July, 1947. Government will decide future policy in the light of that report.

सेठ गोविन्द दास : माननीय सदस्य को बार बार इस तरह के सवाल पूछने की तकलीफ इस लिये दी जाती है कि वहां से बहुत शिकायतें आती हैं। ऐसी हालत में क्या माननीय सदस्य इस बात का वायदा करेंगे कि जब तक इस कमेटी की रिपोर्ट नहीं आजाती तब तक कोई नए विद्यार्थी हिन्दुस्तान से विलायत नहीं भेजे जावेंगे ?

Seth Govind Das: The reason why the Honourable Member is repeatedly given trouble to answer such questions is that many complaints have been received from abroad. Under the circumstances will the Honourable Member promise not to send abroad new scholars until the report of the said Committee is received?

آئینہ مولانا ابوالکلام آزاد : آئینہل ممبر کو معلوم ہونا چاہئے کہ مہینہ پہلے ہی

یہ روک دیا گیا ہے۔

The Honourable Maulana Abul Kalam Azad: The Honourable Member may know that it has already been stopped since the last one month.

Mr. Ahmed E. H. Jaffer: May I ask whether it is a fact that the High Commissioner in London is being recalled because he has proved inefficient in looking after the interests of Indian students in London?

آئینہل مولانا ابوالکلام آزاد : جو انڈیاءمیشن کمیشنر لندن کے پاس ہے۔ اس لئے ہر

مہینے اس کو تسلیم نہیں کر سکتا۔

The Honourable Maulana Abul Kalam Azad: Relying on information at the disposal of the Department I cannot accept it.

SUPPLEMENTARY EXAMINATION FOR FAILED STUDENTS OF ELEVENTH CLASS OF THE BOARD OF SECONDARY EDUCATION, DELHI

1246. *Seth Govind Das* Will the Honourable Member for Education, please state

(a) whether Government are aware that a widespread dissatisfaction is prevailing against the eleven years' preparatory course in schools in Delhi, adopted by the Board of Secondary Education, Delhi, and

(b) the reason why the Board has not followed the scheme of Supplementary Examinations, as adopted by the Delhi University, in view of the fact that a very large number of eleventh class students fail to qualify in their examinations?

آریمل مولانا ابوالکلام آزاد : (اے) کا جواب 'نہیں' ہے -

(سی) یہ صحیح نہیں ہے کہ دہلی یونیورسٹی پر ہیہ پیتی اور کوالیفائنگ ایگزامینیشن کے لئے سہلی مہلتی امتحان کیا کرتی ہے لیکن بہر حال بورڈ آف ہائر سیکنڈری ایجوکیشن اس بات پر سوچ بچار کر رہا ہے کہ جو امیدوار ہائر سیکنڈری امتحان میں فیل ہو جائیں ان کے لئے ایک سہلی مہلتی امتحان کا انتظام کیا جائے

The Honourable Maulana Abul Kalam Azad: (a) No

(b) The Delhi University does not conduct the Supplementary Examinations for their Preparatory and qualifying examinations. The Board of Higher Secondary Education, Delhi is however, considering the desirability of holding a Supplementary Examination for candidates who fail at the Higher Secondary Examination

DETENTION OF CAPTAIN BURHANUDDIN AND CAPTAIN RASHID OF I N A

1247. *Mr. Ahmed E. H. Jaffer: Will the Secretary of the Defence Department be pleased to state

(a) whether some members of the Indian National Army convicted for murder have been granted clemency and released,

(b) the causes of retention in jail of Captain Burhanuddin and Captain Rashid;

(c) whether Government are aware of the feeling in the country against their continued detention, and

(d) whether Government propose to reconsider the question of releasing them' 2.

Mr. G. S. Bhalja: (a) No, Sir

(b) I would refer the Honourable Member to the debate on Pandit Govind Malaviya's resolution held on the 11th February 1946 and to my answer to Starred Question No. 496 asked on the 13th November 1946

(c) Yes, Sir

(d) The question is under the consideration of Government

Mr. Ahmed E. H. Jaffer: Sir, with reference to part (d) I should like to point out that if reference is made to a reply given six months ago it is not possible for us to find that out and ask questions. I want to know why Captain Burhanuddin is still kept in prison

Mr. President: If the Honourable Member's contention is correct, the same thing will have to be repeated over and over again. The Honourable Member can refer to that answer and if he is dissatisfied with it he can ask a question later on

Mr. Ahmed E. H. Jaffer: May I know why Captain Shah Nawaz was released and why Captains Burhanuddin and Rashid are still under detention?

Mr. President: The reply has been given that the reasons are stated there. Does the Honourable Member wish to have it repeated every ten days?

Mr. Ahmed E. H. Jaffer: No, Sir. If the question has been answered in the same session I can understand it. But if I am referred to a reply given six months ago where is the time to put another question when the session is ending on 11th April?

Mr. President: I do not think any further argument on that point is necessary I am—and the practice also is—definitely against repetition of the same answer over and over again, unless there is a change in the situation. Once it has been replied to there can be no repetition as to what happened in the last

Mr. Tamizuddin Khan: Can the Honourable Member state how many I N A men are now in detention?

Mr. G. S. Bhalja: Thirteen, Sir.

Maulana Zafar Ali Khan: Is there any likelihood of the cases of these people being considered by Government?

Mr. G. S. Bhalja: I said that the question is under the consideration of Government.

Mr. Ahmed E. H. Jaffer: In view of the fact that there is great dissatisfaction in the country owing to the detention of Captain Burhanuddin and Captain Rashid for a very long time may I know how long will it take for these people to be released?

Mr. G. S. Bhalja: I said the question is under the consideration of Government. I am afraid I cannot give a definite date because the best laid plans of men and mice often go wrong.

Mr. Ahmed E. H. Jaffer: Sir, may I point out to you that an exactly similar reply was given six months ago? May I know whether it is the Honourable Member's policy to say every time that the matter is under the consideration of Government? How long is this question going to engage the attention of Government?

Mr. President: The second part of the question may be replied to.

Mr. G. S. Bhalja: I said that Government hope to take a decision as soon as possible, I am afraid I cannot go further than that.

EMPLOYMENT OF RETIRED GOVERNMENT OFFICERS BY BUSINESS FIRMS

1248. *Mr. Ahmed E. H. Jaffer: (a) Will the Honourable the Home Member be pleased to state the number of Government officers who having retired from the Government service in 1915 and 1946 have joined business firms on retirement?

do Government propose to take to stop this?

The Honourable Sardar Vallabhbhai Patel: (a) So far as Government are aware, the number of gazetted officers who having retired or proceeded on leave preparatory to retirement from service under the Central Government during 1945 and 1946 accepted employment with business concerns is 24.

(b) Officers on leave preparatory to retirement may not accept commercial employment without Government's sanction. The imposition of similar control in the case of retired officers is under consideration.

Mr. Ahmed E. H. Jaffer: Is the Honourable Member aware that several commercial firms in India approach the highest officers of Government a couple of years before their retirement and with a view to seek favours offer them jobs? What steps does the Honourable Member propose to take to stop this practice in future?

The Honourable Sardar Vallabhbhai Patel: I am not aware that officers are employed for the purpose suggested by the Honourable Member. But, as I said, the imposition of similar control in the case of retired officers is under consideration. The question whether similar restrictions can be imposed on those who are in service is a matter which requires consideration.

Mr. Ahmed E. H. Jaffer: Will the Honourable Member consider the desirability of enforcing a rule that officers of Government should for three years after retirement be prevented from accepting any private job in commercial firms?

The Honourable Sardar Vallabhbhai Patel: The whole question requires very careful consideration. We are in a period of transition when the whole matter of the reorganisation of the services is also under consideration. Also the service rules with regard to new services and in regard to the retirement of officers of the existing services are under consideration.

REPLACEMENT OF MILITARY PERSONNEL OF THE PUBLICATION DIVISION OF THE INFORMATION DEPARTMENT BY JOURNALISTS AND WRITERS

1249. *Seth Govind Das: Will the Honourable Member for Information and Broadcasting be pleased to state—

(a) the names of the journals which are published by the Publication Division of the Information Department, and

(b) whether in view of the changed conditions after the war, Government propose to replace the military personnel in this Section with experienced journalists and writers?

The Honourable Sardar Vallabhbhai Patel: (a) A statement has been placed on the table of the House

(b) Only two officers of the Publications Division are Army Officers. Orders for their release from the Army are under issue. It is not at present proposed to replace them

The following journals are published regularly by the Publications Division—

1	Ajkal (Urdu)	fortnightly.
2	Ajkal (Hindi)	monthly
3	Naunihal (Urdu)	monthly (children's magazine).
4	Heyday (English)	monthly (do)
5	Onward (English)	monthly (women's magazine)
6	Foreign Review (English)	monthly
7	Dunya (English-Roman-Urdu)	monthly.
8	Dunya (Hindi-Gujarati)	monthly
9	Dunya (English-Tamil)	monthly
10	Dunya (English-Russian)	monthly
11	Dunya (English-Chinese)	monthly
12	Dunya (Urdu-Pashtu)	monthly.
13	Dunya (English-Burmese)	monthly
14	Indian Trade Bulletin (Eng)	fortnightly
*15	Shapur (Persian)	monthly.
*16	Ahang (Persian-English)	monthly
17	Al Nafir (Arabic)	monthly
18	Al Arab (Arabic)	monthly
19	New India (English-Chinese)	quarterly.
20	Perspective (English)	quarterly.
21	India (English)	quarterly.

*But we are discontinuing Shapur and Ahang with effect from the 1st April 1947

Prof. N. G. Ranga: How long are these two officers to serve in this Department?

The Honourable Sardar Vallabhbhai Patel: There are two army officers, Captain Smith and Captain Greaves. Captain Smith is in charge of the Russian section. He has lived many years in Asiatic Russia and has unrivalled knowledge of the Russian language and conditions. Mr. Greaves was conscripted during the war. His profession before being called was of a printer and he has creditable knowledge of printing and production.

DEMobilISATION OF BRITISH OFFICERS IN INDIAN ARMY

1250. *Mr. Manu Subedar: (a) Will the Secretary of the Defence Department please state the final position with regard to the continuance in service or demobilisation of the British officers in the Indian Army?

(b) Has any arrangement been reached with His Majesty's Government on this subject and, if so, what is it?

(c) How many officers were there on the 31st of March, 1946 and how many are there now?

(d) How many have expressed their willingness to stay and how many have expressed their desire to go?

(e) What would be the terms and conditions for those who will stay and for those who will be going?

(f) What steps have Government taken in order to accelerate their replacement by Indians?

(g) How many men with temporary service in the Army have been given permanent commissions and to how many more it is proposed to give during 1947-48?

Mr. G. S. Bhalja: (a), (b) and (c) No agreement has yet been reached with H. M. G. in the U. K. and it is therefore not possible to make any definite statement at present.

(c) I lay a statement on the table of the House.

(d) No officer has yet been asked to say definitely whether he desires to stay or go, but a number have asked to be considered for transfer to the British Army.

(f) This question is under examination by the Armed Forces Nationalization Committee.

(g) Out of about 3,783 Indian Emergency Commissioned Officers (i.e., officers with temporary service in the Army) who applied for permanent commissions, 1,060 have so far been successful. The remainder are being interviewed, or are awaiting interview, by Selection Boards.

It is not at present possible to say how many more permanent commissions will be granted during 1947-48 as this will depend on the size of the post-war Indian Army, which has not yet been determined.

STATEMENT
Number of British Officers in the Indian Army

Date	British Officers of the Indian Army	British Officers of the British Service attached to the Indian Army	Total
	Rs.	Rs.	Rs.
31st March 1946	15,195	17,534	32,729
1st February 1947	8,070	7,583	15,653

Mr. Manu Subedar: Since the announcement was made terminating the political connection between this country and England in June, 1948, may I know whether the negotiations have been accelerated and when Government expect that His Majesty's Government and they will reach an agreement as to the terms and conditions on which British officers of the Indian Army will be permitted to leave?

Mr. G. S. Bhalja: Obviously the question is linked up with the future of the civil officers, and therefore until a decision is taken by the Home Department as regards the future of the civil officers it will not be possible to make any announcement about military officers.

Mr. Manu Subedar: In view of the excessive costs that this country has to bear in connection with British officers in the shape of overseas and other allowances, passage money, training charges, etc., may I know what efforts Government are making to reduce this outside burden on this country and effect economy which the Finance Member so badly wants?

Mr. G. S. Bhalja: That also is a general question and the factors which are mentioned apply equally to civil officers, and obviously the decision must apply to both classes of officers on similar lines.

Prof N. G. Ranga: In what way is the retirement or retention of civil officers connected with the position of army officers?

Mr. G. S. Bhalja: British military officers to whom the question refers, are also a Secretary of State's service. They are just like the other services of the Secretary of State.

Mr. Manu Subedar: Apart from the general issue which the Honourable Member says hangs on the other decision, may I know what efforts are being made by the Defence Department to retrench these officers whose posts were created after the war and did not exist before, and mainly with regard to the G H Q?

Mr. G. S. Bhalja: The process of retrenchment is going on continuously and I indicated the other day the "run-down" in the G H Q which was effected and contemplated.

Mr. Manu Subedar: May I know if the Honourable Member will give this House a statement of the success or ill-success which the department has met with in the course of this process since the beginning of this calendar year, i.e., January 1947?

Mr. G. S. Bhalja: There has been satisfactory progress.

Mr. Manu Subedar: Will he not give us the particulars?

Mr. G. S. Bhalja: I am afraid I must ask for notice of that question.

Mr. Manu Subedar: Will he give us the particulars before the Session ends?

Mr. G. S. Bhalja: If the Honourable Member will put down a question to that effect, I shall try to supply the information.

Mr. Manu Subedar: Sir, the question time is fast running out. Arising out of this question is a request for information. May I know why the Honourable the Defence Secretary is evading such a request? Why will he not place it on the table of the House in due course?

Mr. G. S. Bhalja: It is not a question of evasion. It is a question of observing the Standing Orders of the House. The Honourable Member should put down a question on this subject, or if necessary a Short Notice Question.

Mr. Ahmed E. H. Jaffer: It is always refused.

Mr. President: No.

Sreejuti Rohini Kumar Chaudhuri: May I know from the Honourable Member what qualifications are taken into consideration at the time of absorbing temporary men in permanent commissions?

Mr. G. S. Bhalja: They undergo the tests prescribed for the selection of permanent officers

POST-WAR RECONSTRUCTION SCHEME FOR DELHI PROVINCE

1251. *Lala Deshbandhu Gupta: (a) Will the Secretary of the Health Department be pleased to state whether Government have received any post-war reconstruction scheme for the Province of Delhi, prepared by the Chief Commissioner of Delhi? and so the reasons for withholding the same from the public of Delhi?

(b) Has the Chief Commissioner been instructed to proceed with the scheme, if not, why not?

Mr. S. H. Y. Oulsnam: (a) Yes. Proposals for post-war development have been received from the Chief Commissioner. It is understood that the Chief Commissioner has at various times communicated his proposals to the Press at his weekly press conferences and by press notes and the schemes with which the local bodies are directly concerned have been discussed with them. He has been asked to place the proposals before his Advisory Council at its first meeting.

(b) The schemes have been generally approved and the Chief Commissioner has been asked to work out the details.

Lala Deshbandhu Gupta: May I know if it is a fact that the scheme as a whole has never been published or never been placed either before any local body or before any press conference?

Mr. S. H. Y. Oulsnam: That is correct.

Prof. N. G. Ranga: What is the objection?

Mr. S. H. Y. Oulsnam: Certain schemes are not yet final.

Lala Deshbandhu Gupta: Will the Government now consider the desirability of publishing the scheme as it came from the Chief Commissioner so that the public opinion may be ascertained about it?

Mr. S. H. Y. Oulsnam: Government will await the opinion of the Advisory Council before publishing it.

Lala Deshbandhu Gupta: What is the total amount which has been allotted under these post-war reconstruction schemes to be spent on the various schemes?

Mr. S. H. Y. Oulsnam: As far as the Health Department is concerned, the approximate amount is $3\frac{1}{2}$ crores.

Lala Deshbandhu Gupta: May I know if it is a fact that no more than Rs. 70,000 have been allotted under the head 'Education' out of five crores?

Mr. S. H. Y. Oulsnam: I am not concerned with education.

Lala Deshbandhu Gupta: Will the Honorable the Education Member enlighten the House on this subject. It being a comprehensive scheme which deals with all departments, it should be possible for the Honourable Member to give the information asked for.

Mr. President: It does not arise out of this question. Next question.

CLAIM FOR DAMAGES BY DELHI MUNICIPALITY FOR LOSS OF 53 PICTURES TOWN HALL

1252 *Lala Deshbandhu Gupta: Will the Honourable the Home Member be pleased to state

(a) whether Government are aware that at the time of the Victory Celebrations held in Delhi last year, the Delhi Municipal Town Hall was badly burnt by the rioters,

(b) whether it is a fact that the Delhi Municipality has claimed that the losses sustained by it on account of the damage done to the Town Hall by the rioters should be borne by the Government of India if so, the action that has been taken in the matter, and

(c) whether Government propose to compensate the Delhi Municipality to the extent of the damages suffered by it, if not, why not?

The Honourable Sardar Vallabhbhai Patel: (a) Yes

(b) and (c) A claim by the municipality has been rejected, the municipality could have provided against the loss which, since the damage was caused by some of the citizens of Delhi, it is inequitable to ask the general tax-payer to reimburse and which the Municipality is financially in a position to make good.

Lala Deshbandhu Gupta: May I know if it is a fact that the Local Government had opposed the idea of Victory Celebrations and it was in spite of this that the previous Government undertook to celebrate the Victory, and was thus responsible for the damage done to municipal property?

The Honourable Sardar Vallabhbhai Patel: It may be so, but that does not entitle the municipality to claim damage for the loss caused by the citizens of Delhi.

Lala Deshbandhu Gupta: May I know if the Honourable Member will take into consideration the fact that the financial condition of the municipality of Delhi is rather bad, and they have not been receiving any help from the Local Government whereas the New Delhi Municipality is practically run by the Government? In view of this will Government reconsider its decision and make good the loss which it has suffered for no fault of its own?

The Honourable Sardar Vallabhbhai Patel: The financial condition of the Delhi Municipality is better than the financial condition of the Central Government.

RELAYING OF PROGRAMME OF SPECIAL INDIAN INTEREST FROM U S S R AND U S A BY THE ALLINDIA RADIO

1253. *Lala Deshbandhu Gupta: Will the Honourable Member for Information and Broadcasting be pleased to state whether it is a fact that Government are considering the desirability of making arrangements with the U S S R, the U S A and China for relaying regularly from the All-India Radio such items of their programmes as may be of special interest to Indian listeners?

The Honourable Sardar Vallabhbhai Patel: No such proposal has been considered so far.

Lala Deshbandhu Gupta: Will Government consider the desirability of considering such a proposal now?

The Honourable Sardar Vallabhbhai Patel: There is no such intention at present.

Lala Deshbandhu Gupta: What particular objection Government has in considering a proposal like that?

The Honourable Sardar Vallabhbhai Patel: Apart from financial considerations there is no such demand at present.

INTRODUCTION OF *Panchayats* IN THE VILLAGES OF DELHI PROVINCE

1254. *Lala Deshbandhu Gupta: (a) Will the Secretary of the Health Department be pleased to state whether Government are aware of the demand made by the inhabitants of the rural areas of Delhi, for the introduction of Panchayats in the villages of Delhi Province with a view to avoiding unnecessary litigation?

(b) If so do Government propose to introduce a Panchayat Bill on the lines of the United Provinces Panchayat Act in the Central Legislature?

Mr. S. H. Y. Oulsnam: (a) Yes.

(b) The Punjab Village Panchayat Act, 1939, has already been extended to the Province of Delhi.

"GREEN BELT" SCHEME OF DELHI IMPROVEMENT TRUST

1255. *Lala Deshbandhu Gupta: (a) Will the Secretary of the Health Department be pleased to state whether it is a fact that the Delhi Improvement Trust or the Local Government have submitted any scheme popularly known as the 'green belt' scheme? If so, do Government propose to lay a copy of the same on the table of the House?

(b) Have Government invited the opinion of the various local bodies in this matter? If not, do they propose to do so now and give an assurance that no action will be taken on the same without giving the House an opportunity to discuss it?

Mr. S. H. Y. Oulsnam: (a) The Delhi Improvement Trust has under consideration proposals for a green belt round Delhi, the intention being that this belt should be kept free from buildings except those required for agricultural purposes and should be utilised for dairy farms and other agricultural enterprises required to serve the needs of the city. The scheme has not yet been framed.

(b) Under the United Provinces Town Improvement Act as applied to Delhi the Improvement Trust, after framing the scheme, will publish a notice calling for objections and also send a copy of the notice to the Chairman of the municipal committee or notified area committee concerned asking for any representations which those committees may have to make regarding the scheme. All representations or objections received will be considered before a scheme is sanctioned. It is not proposed to place any scheme which may be framed before this House but the Chief Commissioner will be asked to lay it before his Advisory Council.

Lala Deshbandhu Gupta: May I know if it is not a fact that notices have already been served on many villagers in view of this proposed 'green belt' scheme asking them not to part with their lands?

Mr. S. H. Y. Oulsnam: No, Sir. As far as I am aware no such notices have been issued.

Lala Deshbandhu Gupta: Will the Honourable Member make enquiries?

Mr. S. H. Y. Oulsnam: Yes, Sir.

Prof. N. G. Ranga: Does this exception cover farm buildings and buildings of the farmers themselves also?

Mr. S. H. Y. Oulsnam: Yes, Sir.

SUPPLY OF FILTERED WATER TO VILLAGES IN SEWAGE FARM AREAS IN DELHI

1256. *Pandit Sri Krishna Dutt Paliwal: Will the Secretary of the Health Department be pleased to state

(a) the steps Government have taken or propose to take to supply filtered water to the villages situated in sewage farm areas in Delhi;

(b) whether Government are aware that the wells in these villages are contaminated by the flow of sewage affluent which is being utilized for irrigation purposes, resulting in the spread of cholera in these villages;

(c) whether Government are aware that about a year and half ago the then Chief Commissioner agreed to provide filtered water to the people of Okhla, Tikhla and Jessola and about ten other villages, and

(d) the reply, if any, received, to the note sent in the connection to the Joint Water and Sewage Board?

+Answer to this question laid on the table, the questioner being absent

Mr. S. H. Y. Oulnam: (a), (c) and (d) A scheme for a piped water supply to the villages adjoining the area irrigated with effluent from the Joint Water and Sewage Board's Sewage Treatment Plant has been sanctioned by the Board. Materials have been ordered and the land required for laying of the pipelines is being acquired.

(b) It is reported that seepage through the subsoil has the effect of altering the chemical composition of the water in the wells, but no bacterial pollution takes place and therefore the contamination does not cause cholera. It is recognised however that a supply of pure drinking water must be provided and the scheme will be expedited as far as possible.

FOODGRAIN LIABILITY OF CIVIL AUTHORITIES *re* DEMOBILISED ARMY PERSONNEL

1257. *Seth Govind Das: (a) Will the Secretary of the Defence Department please state whether Government are aware that large numbers of military personnel are being demobilised every month?

(b) Are Government aware that such personnel become the liability of civilian authorities immediately after their release from military service? If so, have any steps been taken by Government to ensure that foodgrains stored and earmarked for them by military authorities are made over to civilian authorities at the time of their demobilisation if not, why not?

Mr. G. S. Bhalja: (a) Yes, Sir.

(b) The food stocks maintained by the Armed Forces from time to time take account of the diminishing numbers resulting from demobilisation by short ordering of new supplies month by month.

Mr. Ahmed E. H. Jaffer: May I ask the Honourable Member whether he is aware of the fact that many of these British officers when they are demobilized leave India without meeting their liabilities to Indian merchants? If so, what steps do Government propose to take to see that the Bills that they owe to the Indian merchants are paid before they leave India?

Mr. G. S. Bhalja: That clearly does not arise out of this question.

SURVEYOR OF WORKS IN THE MILITARY ENGINEERING SERVICE

1258. *Mr. N. M. Joshi: Will the Secretary of the Defence Department be pleased to state

(a) whether it is a fact that there were some vacancies in the posts of permanent Surveyors of Works in the Military Engineering Service during the period 1938-1946,

(b) whether it is a fact that there were five Indian civilians holding permanent posts in the department who had become qualified for permanent appointments as Surveyors of Works during the period 1941-1943,

(c) whether it is a fact that they were not confirmed as Surveyors of Works until 1st April 1946 on the ground that the appointments to the permanent cadre were suspended until the end of the War,

(d) whether four British Civilian Officers who were recruited during the war period were appointed to the permanent cadre of the Surveyors of Works one year before the Indians were confirmed, and

(e) whether Government are aware that supersession by British civilian officers has adversely affected the chances of promotion as Deputy Superintending Surveyors of Works of certain qualified Indian officers and if so, what steps Government propose to take to remove the injustice done to the fully qualified Indian officers and restore to them their proper position of seniority?

Mr. G. S. Bhalja: (a) Yes Sir.

(b) There were four Indian Civilians holding permanent posts who became technically qualified for consideration for the appointment of permanent Surveyor of Works during 1941-43 and one qualified before that period.

(c) The facts are that members of this cadre were serving in varying capacities in our field offices stations in many of which, particularly overseas, they were not in a position to take the required examinations to enable them to become technically qualified for promotion. It was therefore decided that those who were senior serving under conditions where they were unable to take the examinations should not be penalised by the promotion to permanent appointments of officers junior to them and in a more favourable position in India.

(d) No officer of this cadre is appointed to the permanent pensionable Surveyor of Works cadre. One Civilian British Contract Officer recruited during the 20s was however appointed to an available vacancy in the permanent pensionable Cadre of the Surveyor of Works branch which is specifically intended for the absorption of such contract officers only. Departmental civilian subordinates are appointed to the permanent pensionable cadre and not to the non-pensionable cadre.

(e) The fact that a British officer is appointed to the permanent pensionable Surveyor of Works is a recommendation made by selection based on technical qualifications, professional experience as a Surveyor of Works, recommendation of fitness in all respects, and the fact that he is the best person for the post.

Mr. N. M. Joshi: May I ask whether it is a fact that the British officer had no Indian officers who were considered for the post before he was appointed?

Mr. G. S. Bhalja: No British Civilian officer has been appointed to the permanent pensionable Surveyor of Works cadre.

Mr. N. M. Joshi: He may not be appointed as pensionable officer but he has been appointed as a Deputy Surveyor of Works. Indians who were considered were not appointed.

Mr. G. S. Bhalja: I am afraid there is a misapprehension on the part of my friend. The four Indian officers referred to have not been in the permanent cadre.

Mr. Siddiq Ali Khan: Will the Honourable Member for Information and Broadcasting please tell us the following?

- (a) The post of the British Officer in London was created, to be filled by a British officer.
- (b) The post was created for the purpose of appointing a British officer to this post.
- (c) The British Officer for this post to be appointed through the normal Public Service Commission or if not, why not, and
- (d) the salary and other emoluments attached to this post?

The Honourable Sardar Vallabhbhai Patel: (a) The decision to create this post was taken in July 1946.

(b) No.

(c) The usual qualifications of a Public Relations Officer, plus familiarity with English as well as Indian conditions and affairs.

(d) The post was filled by direct appointment by the Department as it was considered that it was a suitable case for exclusion from the purview of the Federal Public Service Commission (Consultation by the Governor-General) Rules.

(e) The pay and allowances of the Public Relations Officer are as follows—

- (i) Pay—£1,200 per annum in the scale of £1,200-50-1,500 per annum.
- (ii) House rent allowance—£300 per annum.
- (iii) Consolidated Addition (i.e. Compensatory Allowance)—£120 per annum.

Mr. Siddiq Ali Khan: Arising out of (c), what are the usual qualifications and does the present incumbent possess them?

The Honourable Sardar Vallabhbhai Patel: Besides the academic qualifications of a superior calibre, his qualifications are his contact with the press in England and his contacts with the public people and Parliamentary circles and other public men in England.

Prof. N. G. Ranga: Was he not a distinguished graduate of Cambridge University?

The Honourable Sardar Vallabhbhai Patel: He is.

Mr. Siddiq Ali Khan: May I know whether it is a fact that the matter was referred to the Federal Public Service Commission after the receipt of the recommendation?

The Honourable Sardar Vallabhbhai Patel: I do not know.

PRODUCTION OF ACCOUNTS OF INCOME AND DOMESTIC EXPENDITURE

1260. **Mr. Ahmed E. H. Jafer:** (a) Will the Honourable the Finance Member pleased state if it is binding on the assesses of Income-Tax to keep and maintain records of their personal and domestic expenses in their domestic expenditure and to produce the same before the Income-Tax Officer when asked for?

(b) If the reply to part (a) above is in the negative, are Government aware that the Income-Tax Officers insist on assesses to produce such accounts and in the case of those assesses who do not maintain such accounts, the Income-Tax Officers do not accept their business accounts for the purpose of assessment?

(c) Do Government propose to seek assistance not to insist on the assesses to produce their accounts of personal wealth and belongings or their domestic expenditure which most of the assesses do not maintain?

The Honourable Mr. Liaquat Ali Khan: (a) The Income-Tax Act does not require the assesses to maintain and produce accounts of their domestic expenditure to the assesses discretion to maintain or not to maintain any accounts. If they do not maintain any accounts, they are not maintained and without reasonable cause, they are not produced before the Income-Tax Officer when asked for, appropriate action is taken under sections 23, 28 and 51 of the Income-Tax Act.

(b) Income-Tax Officers are required to ask assesses to produce only such accounts of income and other statements (including statements of personal wealth) as (i) they have reason to believe the assesses can conveniently produce and (ii) they consider as necessary to enable them to determine the assessable income of the latter. The mere fact that some of the accounts and statements called for are not produced is not by itself usually treated as sufficient reason for disbelieving the accuracy of such of the accounts, statements, etc., as are produced though failure to produce accounts etc. without reasonable cause must necessarily involve an adverse inference being drawn regarding the accuracy of the returns submitted by the assessee.

(c) The Government have no reason to believe that Income-Tax Officers habitually harass assesses by asking for the production of any accounts or statements which they are satisfied are neither maintained by assesses nor can be prepared and furnished by them.

Mafiz M. Ghazanfarulla: Is the Government aware that the accounts of many assesses for excess profits tax have not been decided for the last four years? Is there any time limit to these Income-tax officers to get these pending cases completed?

The Honourable Mr. Liaquat Ali Khan: The Income-tax officers are expected to complete these assessments as soon as it is possible.

Hafiz M. Ghazanfarulla: Is there any time limit?

The Honourable Mr. Liaquat Ali Khan: If any Income-tax officer is found not to be doing his work energetically, then of course he is pulled up and action is taken.

Dr. Zia Uddin Ahmad: Has the Honourable Member provided in his income side for the amount of the arrears which the Department is likely to collect in 1947-48?

The Honourable Mr. Liaquat Ali Khan: I think all that is given in the statement.

Pundit Thakur Das Bhargava: Is the Honourable Member aware that in Delhi itself cases of 1943-44 have not yet been decided?

The Honourable Mr. Liaquat Ali Khan: I really do not know if this arises from the question put down?

EXCESS PROFITS TAX ASSESSEES IN ALLAHABAD

1261. *Mr. Ahmed E. H. Jaffer: (a) Will the Honourable the Finance Member please state the number of assesseees who were subject to the Excess Profit Tax during the years 1942-43, 1943-44, and 1944-45 in Allahabad?

(b) How many assessments have been completed under the Excess Profit Tax in Allahabad during the years 1942-43, 1943-44 and 1944-45?

(i) What are the dates of these assessment orders in each case?

(ii) How many of those who were asked to submit such accounts of personal and belonging and domestic expenditure have produced them?

(iii) Is it binding on the assesseees of Income-Tax to produce evidence before the Income-Tax Officers, to support the amounts of money invested for business out of their private funds?

(c) How many of these assesseees were asked to produce accounts of their personal wealth and belongings and domestic expenditure during the years mentioned in part (b) above?

(d) Are Government aware that many Income-Tax Officers while making assessments reject business accounts of assesseees and compute profits on flat rate because in their opinion the amounts of capital investment made by the assesseees for carrying on their business are not supported by proper and definite evidence, as to their capacity for investing such amounts?

The Honourable Mr. Liaquat Ali Khan: (a) The number of assesseees liable to Excess Profits Tax in Allahabad in each of the three assessment years 1942-43, 1943-44 and 1944-45 was respectively eight, fourteen and sixteen.

(b) The number of Excess Profits Tax assessments completed in Allahabad in each of the three years 1942-43, 1943-44 and 1944-45, was respectively two, three and three.

(b) (i) and (c) The information is being obtained and will be laid on the table of the House in due course.

(b) (ii) Information regarding amounts invested in business should ordinarily be available in the accounts maintained by an assessee. Evidence in support of the figures given by the assessee is asked for only in those cases where the Income-Tax Officer has definite reasons to suspect the accuracy of those figures. The assessee is expected in such cases to produce the evidence called for if it is in his power to do so.

(d) The business accounts would be rejected by the Income-Tax Officer in cases of the kind mentioned, only if, in his opinion, the failure to produce available evidence on the capital investments made by the assessee points to the

probability of the accounts produced being incomplete. If the assessable income of the assessee cannot be ascertained from the incomplete accounts produced by him the Income-tax Officer must compute it to the best of his judgment, the application of a flat rate being one of the methods open to him for doing so

GOVERNMENT CONTROL OVER THE WOMEN'S MEDICAL SERVICE

1262. *Prof. N. G. Ranga: Will the Secretary of the Health Department be pleased to state

(a) whether it is a fact that the Womens Medical Service (W M S) is not under the Government of India as the Indian Medical Service but under the control of the Dufferin Fund which is a quasi-private institution,

(b) whether it is a fact that some of the Provincial Governments are thinking of taking over the private hospitals and the Womens Medical Service personnel belonging to the Dufferin Fund and if so, on what conditions,

(c) whether it is a fact that the service conditions for the Womens Medical Service are not on a par with those for the Indian Medical Service,

(d) what control the Government of India have in the administration of the Lady Hardinge Hospital, Delhi and Dufferin Hospital, Simla, and

(e) whether Government propose to consider the advisability of taking over these Medicals and also the Womens Medical Service?

Mr. S. H. Y. Oulsnam: (a) and (c) Yes

(b) The question of provincialization of certain Dufferin Fund Hospitals has been under discussion between the Government of the United Provinces, and the Dufferin Fund Authorities but no decision has yet been reached

(d) The management of the Lady Hardinge Medical College and Hospital, New Delhi, is vested in a registered association. The Government has no direct control but certain Government officials are *ex-officio* members of the Governing Body. There is no hospital in Simla under the control of the Dufferin Fund. There is a women's hospital known as the Lady Reading Hospital the medical superintendent of which is usually a member of the Women's Medical Service. Government have no direct control over the institution but certain Central and Provincial Government officers are on the Governing Body

(e) The Government have no such proposal under consideration. The Lady Hardinge Medical College and Hospital are under the management of a registered association and could not be taken over without the agreement of the association. The position is similar in regard to the Women's Medical Service. The Government will however consider the suggestion

Lala Deshbandhu Gupta: With reference to the reply to part (d) of the question, may I know if the Honourable Member is aware of the many complaints that exist against the management of the Lady Hardinge Hospital?

Mr. S. H. Y. Oulsnam: I am aware that there are some complaints but I have had no particulars

Prof. N. G. Ranga: Do the Government of India give any grant to the Lady Hardinge Hospital?

Mr. S. H. Y. Oulsnam: Yes

Prof. N. G. Ranga: Then why is it that the Government of India have no control over the hospital nor have they any information about the complaints that are being made against the administration of the hospital?

Mr. S. H. Y. Oulsnam: Because detailed information has not been received from the persons who have been complaining

Prof. N. G. Ranga: Do Government receive any periodical reports regarding the administration of the Lady Hardinge Hospital from the authorities concerned?

Mr. S. H. Y. Oulsnam: The Government receives the usual annual report.

Lala Deshbandhu Gupta: Will Government consider the advisability of appointing some members of this House to the Governing Body of the Lady Hardinge Hospital?

Mr. S. H. Y. Oulsnam: There are already two members of this House on the Governing Body of the Hospital.

Prof. N. G. Ranga: Will Government consider the desirability of Government itself being directly represented on the Board of Management of this hospital?

Mr. S. H. Y. Oulsnam: There are a number of Government officers on the Board.

Prof. N. G. Ranga: In view of the fact that the Government officers on the Governing Body are not responsible in their capacity as members of that body to the Government, will Government consider the advisability of appointing one or two Indian officers on behalf of the Government to serve on the Board of Management of this hospital?

Mr. S. H. Y. Oulsnam: The suggestion will be considered.

Mr. Manu Subedar: May I know whether the Government have received any complaints that the Principal and Deputy Principal who are Europeans are not treating the other members of the staff with consideration and are harassing them?

Mr. S. H. Y. Oulsnam: No written complaints, Sir.

Mr. Manu Subedar: May I know whether in view of similar complaints which were raised and whose echo was sounded in this House before, Government would not tighten the machinery of control over an institution whose entire or whose very substantial part of the finance Government themselves are contributing to?

Mr. S. H. Y. Oulsnam: As the question has been raised the Government will consider the matter but they would like to have particulars of any complaints which anyone may have in regard to the management of this institution.

LABOUR INTERESTS IN THE ADVISORY COUNCIL FOR THE CHIEF COMMISSIONERS' PROVINCE

1263. *Miss Maniben Kara: (a) Will the Honourable the Home Member please state if it is a fact that only elected members of Municipal Committees and other local bodies in the respective Provinces were given the right to vote in the election to the Advisory Councils for the Chief Commissioners' Provinces?

(b) Is it a fact that no special constituencies exist for representation of labour interests in the Municipal Committees or local bodies whereas special constituencies have been provided for employers' and commercial interests?

(c) Is it a fact that three seats on the Advisory Councils will be filled by nominations?

(d) Have any representations been made by labour organisations for representation on the Council?

(e) Do Government propose to allot some seats to the representatives of labour?

The Honourable Sardar Vallabhbhai Patel: (a) Yes.

(b) In Ajmer-Merwara no special constituencies exist either for representation of labour interests or for employers' and commercial interests in the Municipal Committees or local bodies. In Delhi there is no special constituency for labour for any of the local bodies but a representative of labour is nominated to the Delhi Municipal Committee there is, however, a constituency for "Registered Factories of Delhi" which elects one member for the Delhi Municipal Committee.

(c) Yes

(d) Only one labour organisation *via* the Indian Federation of Labour, Delhi, has represented in the matter

(e) Nominations to the Council have already been made. The point will be borne in mind at the time of the next nominations

Lala Deshbandhu Gupta: May I know the names of the persons who have been nominated by the Honourable Member to the Delhi Advisory Council?

The Honourable Sardar Vallabhbhai Patel: The nominated members are (1) Ahsan Hussain Malik, Barrister-at-Law—Muslim, (2) Sardar Bahadur Sardar Ramjit Singh—Sikh, (3) Dr. Khubram Bajori—Scheduled Caste

Miss Maniben Kara: The Honourable Member said that only elected members of the Municipal Committees and other local bodies were given the right to vote in the election to the Advisory Councils. May I know whether this distinction is made only for voting purposes or whether it is kept up in other matters as well?

The Honourable Sardar Vallabhbhai Patel: The elected members alone were allowed to vote, because there was a general desire that the voters should be elected members but there was no restriction regarding the candidates

Miss Maniben Kara: Will the Honourable Member consider the desirability of doing away with this distinction? If a person has already been nominated, he should be treated on a par with other members of the committees

The Honourable Sardar Vallabhbhai Patel: That distinction will not be made in this House but outside there is a demand for such distinction

Miss Maniben Kara: I am thankful for the explanation that has been given by the Honourable Member but all the same will the Honourable Member now consider the desirability of giving the same status to the nominated members because the Government makes the appointment after making all the necessary investigations regarding the desirability of nominating a particular person? Will the Honourable Member consider the desirability of removing this disqualification?

The Honourable Sardar Vallabhbhai Patel: The nominated members in the Board enjoy the same status as the elected members, except in regard to franchise so far as this Council's election is concerned. But if the member who is nominated in the Delhi Municipal Committee feels that he has not got the same status as elected members, he has to make a representation

Sardar Mangal Singh: May I know whether there is any member from the rural areas on this Advisory Council?

The Honourable Sardar Vallabhbhai Patel: Yes, there is a member who represents the rural areas

Lala Deshbandhu Gupta: Is it not a fact that the number of nominated members serving on the local bodies in the Delhi Province exceeds the number of elected members and it was in view of this fact that the Honourable Member decided to restrict the right of voting to only elected members?

The Honourable Sardar Vallabhbhai Patel: Apart from their number being more than the elected members, the principal of franchise given to the elected members was generally acceptable to the people of Delhi

Miss Maniben Kara: Will the Honourable Member consider the desirability of reserving certain seats as is done in the case of business interests and employers in Delhi?

The Honourable Sardar Vallabhbhai Patel: If the Honourable Member's suggestion regarding the reservation of seats is intended for the Delhi Municipality it is beyond the scope of the Home Department; it relates to the Health

Department But if it is for the Advisory Council, I have already stated that when the next advisory council election will come up, that question will be taken into consideration

Lala Deshbandhu Gupta: Will the Honourable Member please state as to when these Advisory Councils will begin to function?

The Honourable Sardar Vallabhbhai Patel: Probably very soon

PRICE OF STEAM COAL PURCHASED BY THE MILITARY AT LUCKNOW, CAWNPORE AND ALLAHABAD FOR STATION SUPPLY DEPOTS

†1264. *Muhammad Rahmat-Ullah: (a) Will the Secretary of the Defence Department please state what was the price of steam coal, per ton, purchased by the Military for their use at the Station Supply Departments at Lucknow, Cawnpore and Allahabad, during the years 1945-46 and 1946-47, and delivered at and stocked in the depots?

(b) At what rate per ton was the steam coal issued to different departments, or to consumers at Lucknow, Allahabad and Cawnpore during the said two years?

(c) Was coal purchased through the Coal Contoller, Calcutta and if so what rate per ton was charged by the suppliers, freight over railway Colliery?

(d) What was the Railway freight per ton from colliery to stations at Lucknow, Cawnpore and Allahabad?

Mr. G. S. Bhalja: (a) The price per ton of steam coal purchased by the Military for their use at the Station Supply Depots was Rs 16-0-8 in 1945-46 and Rs 21-1-9 in 1946-47. This was the all India free issue rate and hence it was the same for Lucknow, Cawnpore or Allahabad

(b) The all India payment issue rate applicable to paying Departments and consumers entitled to draw coal from RIASC was Rs 39-14-0 in 1945-46 and Rs 45-14-0 in 1946-47.

(c) All coal is purchased through the Coal Commissioner, the collieries supplying direct to the depots. No middleman's commission is paid

(d) As there was an all India rate railway freight to any specific railway station like Lucknow and Cawnpore was not taken into consideration while fixing the payment issue rate

EXCLUSION OF PATNA (BIHAR) FROM THE LIST OF BROADCASTING STATIONS TO ESTABLISHED IN INDIA DURING NEXT EIGHT YEARS

1265. *Mr. Madandhari Singh: (a) Will the Honourable Member for Information and Broadcasting be pleased to state whether it is a fact that he addressed a Press Conference on Saturday, the 15th March 1947 in which he explained the details of an eight-year plan for the development of broadcasting in India?

(b) If the answer to part (a) above be in the affirmative, what is the reason for the exclusion of Patna (Bihar), from the list of broadcasting stations, to be established within the said period of eight years?

The Honourable Sardar Vallabhbhai Patel: (a) Yes

(b) A station at Patna was sanctioned a number of years ago, and it does not therefore form part of the post-war programme. This was made clear at the Press Conference. As soon as a site for the station is secured, the work on its construction will start

Mr. Muhammad Nauman: What is the difficulty in securing a site there?

The Honourable Sardar Vallabhbhai Patel: There is a difference of opinion and some dispute between the owners of the site and the Local Government

† Answer to this

is the table the questioner brings

SHORT NOTICE QUESTION AND ANSWER

CEMENT FAMINE IN MADRAS

Sri V. C. Vellingiri Gounder: (a) Will the Honourable Member for Industries and Supplies be pleased to state whether Government are aware of the existence of cement famine in the Province of Madras?

(b) Are Government aware that 1,300 tons of cement are proposed to be shipped overseas from Madras by the Military Department and this has caused public resentment?

(c) What steps do Government propose to take for stopping the proposed shipment and to divert the stock for the civilian consumption?

Mr. M. P. Pai: (a) It is a fact that, owing to transport difficulties acute shortage sometimes occurs in various consuming areas

(b) My information is that the cement in question was cement imported by the Army for S E A C from Australia and that it was sent to S E A C at Singapore under orders of the Army

(c) In view of the answer given to part (b) this does not arise

Sri V. C. Vellingiri Gounder: Are Government aware that owing to stoppage of work in the cement industries for sometime, there was much scarcity of cement recently? Can this shortage to some extent be met from the military storage?

Mr. M. P. Pai: This cement is cement purchased by the Army and also bought for army purposes and now being shipped abroad for use by the Army for the purposes for which it was bought. The Government of India have no means of drawing on army stocks merely because there is a local shortage

Sri V. C. Vellingiri Gounder: Did not the Army authorities take up the local cement also for construction of army quarters?

Mr. M. P. Pai: To the extent that this cement is used by the Army the demand on local firms drops and an equal quantity is released ex-Indian production

Sri V. C. Vellingiri Gounder: If cement supplies are not cut short, these large quantities of cement will be useful for the civilian population

Mr. President: That is a matter of argument

Mr. Manu Subedar: May I know whether it is not a fact that when the S E A C was in India an enormous quantity of Indian cement was used by them? And are they now trying to take away a similar portion which they bought here in contravention of the agreement made that all army surpluses in India must be declared and that they must be disposed of by the Government of India?

Mr. M. P. Pai: That was not the arrangement. The arrangement is that army stocks would be reviewed on a global basis and only surplus which is global surplus would be declared in the country. The Army are not bound to declare a surplus here of what is excess to their Indian requirements alone. It has got to be a global surplus.

Mr. Manu Subedar: Is it not a fact that several items which were required to be carried away from this country for the United Kingdom were prevented under regulations made by our Government as they were required in this country and if that is so may I know why an exception is being made in regard to cement, which is so badly needed by the civil population, in favour of the S E A C who took away the civil population's supply during the war period and are continuing to take it away still?

Mr. M. P. Pai: During the period of the war India was used as a store house of military requirements including requirements outside India. So these stocks were not really built up here for the purposes of the army in India. They were built up for the purposes of the army everywhere. Therefore so long as these stocks of cement are used for army purposes there is no violation of the agreement with the Government of India.

Mr. Manu Subedar: May I know what efforts Government made, after they received the telegram from the Southern Indian Chamber of Commerce and may be from the Madras Government to stop this cement from going out, and whether it has gone out or whether it is still there?

Mr. M. P. Pai: Most of the cement has gone out. I cannot say how much is left behind, but most of it has gone out. But as I said before, so long as this cement is used for army purposes we have no means of drawing on it.

Mr. Manu Subedar: Having regard to the unfortunate occurrence of this kind will Government adopt some kind of policy with regard to items and articles which are badly needed in the country for civilian requirements and prevent them going out under similar circumstances?

Mr. M. P. Pai: Actually the only item regarding which we have made a distinction is iron and steel. It has been agreed that the stocks of iron and steel will be reviewed in the light of the Army's Indian requirements and whatever is not required in India would be declared a surplus. That is the only commodity where there is a departure from the general rule. The Government of India do not think that there is a good enough case for making a similar distinction in the case of cement considering that our production today is perhaps generally almost as high as it has been right through the war and it is transport which is responsible for local shortage.

Mr. Sasanka Sekhar Sanyal: Since the Honourable Member has referred to transport difficulty may I know whether there is any periodical quota of railway wagons for transport of cement from one place to another or is there anything in the nature of priority?

Mr. M. P. Pai: There is both a priority and a quota.

Mr. Sasanka Sekhar Sanyal: May I know what the Industries Department have done by way of advising the Railway Department to make at least some amount of wagon supplies available for the transport of cement?

Mr. M. P. Pai: Sir as I said, there is a quota and a priority. If either of these breaks down I think the Honourable Member's question should be addressed to the Transport Member.

Mr. Sasanka Sekhar Sanyal: May I know since quota and priority have really broken down from time to time what special advice the Department of Industries has tendered to the Railway Department for making good the disturbance as a result of the breakdown?

Mr. M. P. Pai: We merely press for these wagons just the same way you do. But Sir if my Honourable friend wants an answer as to why the arrangements break down he should address the Transport Member.

MOTION FOR ADJOURNMENT

DISCRIMINATIVE POLICY OF DELHI ADMINISTRATION AGAINST MUSLIM PRESS

Mr. President: I have received notice of an adjournment motion 'to discuss a definite matter of urgent public importance viz., discriminative policy of the Delhi administration against the Muslim press'.

While it is almost clear to me as to what the Honourable Member has in mind

Mr. N. C. Puri: Will you call him Nellore
is the Honourable Member?

Mr. President: Mr Nauman I must point out to him that his motion is very vague. He does not state in what respect there is this discrimination nor does he state since when the policy has started. I am prepared to give him an opportunity of amending his motion, I do not propose to rule it out on the ground of vagueness. But I am making this statement, so that Honourable Members in future might know that if they do not conform to the rules properly, I shall be adhering to what may appear to be a technicality and rule out these motions. The object of being specific is that the Government may have chance of knowing what they are called upon to explain and it is not a question of mere technicality. Therefore I am just pointing out to the Honourable Member that if he wants time for having it clarified or for substituting a proper motion I am prepared to waive the urgency if he puts in a motion tomorrow or on Monday.

Lala Deshbandhu Gupta (Delhi General): Is the discrimination mentioned is in favour of the Muslim press or against it?

Mr. President: Whatever it is, the Honourable Member will clarify the whole thing. I have just invited his attention to a very serious shortcoming in his motion.

Mr. Muhammad Nauman (Punjab and Chota Nagpur and Orissa Mohammedans): I am grateful to you Sir. But I will just read out the particular portion to which I refer.

Mr. President: Order order.

Mr. Muhammad Nauman: In that case I will redraft the motion.

The Honourable Sardar Vallabhbhai Patel (Home Member): Are we to infer the substance from the newspaper or from the motion?

Mr. President: As I have pointed out to the Honourable Member there was this defect in the motion and the better course for him would be to redraft his adjournment motion. The only thing I can do to help him would be to waive the ground of urgency as he has introduced the matter at the very first opportunity and I would not like to rule it out merely on account of the defect in the form as I feel clear as to what he wants.

Mr. Muhammad Nauman: Thank you, Sir. I will move the adjournment motion on Monday. I will properly draft it in the words which you require.

Mr. President: Not in the words which I require.

Mr. Muhammad Nauman: I mean in the words in which it should be drafted.

Lala Deshbandhu Gupta: Let the Honourable Member also make sure of his facts.

Mr. Muhammad Nauman: I am sure of the facts.

Sardar Mangal Singh (East Punjab Sikh): I hope, Sir that you will take a similar attitude and deal with every other adjournment motion in the same manner in which you have dealt with this case.

Mr. President: Every case will depend on its own facts.

The Honourable Sardar Vallabhbhai Patel: I just want to ask whether the urgency will last till Monday.

Mr. President: That will be for him to consider. I do not bind myself for all cases in future. As I said, I could see from the publication of certain correspondence in a morning paper and this motion that there is connection between the two. But his motion, as tabled, is quite out of form and therefore I am showing him this latitude.

ELECTION TO DEFENCE CONSULTATIVE COMMITTEE

Mr. President: I have to inform the Assembly that upto 12 noon on Monday, the 24th March, 1947, the time fixed for receiving nominations for the Defence Consultative Committee, fourteen nominations were received. Subsequently two members withdrew their candidature. As the number of remaining candidates is equal to the number of vacancies, I declare the following members to be duly elected to the Committee for the financial year 1947-48.

(1) Mr. Sasanka Sekhar Sanyal, (2) Sardar Surjit Singh Majithia, (3) Colonel Kumar Shri Hunnatsinghji, (4) Dr. G. V. Deshmukh, (5) Diwan Chaman Lall, (6) Sardar Jogendra Singh, (7) Shri Satya Narayan Sinha, (8) Mr. C. P. Lawson, (9) Khwaja Nazimuddin, (10) Mr. Siddiq Ali Khan, (11) Captain Syed Abid Hussain and (12) Sardar Mangal Singh.

ELECTION TO STANDING COMMITTEE FOR HOME DEPARTMENT

Mr. President: I have to inform the Assembly that upto 12 noon on Wednesday, the 26th March, 1947, the time fixed for receiving nominations for the Standing Committee for the Home Department, eleven nominations were received. Subsequently one member withdrew his candidature. As the number of remaining candidates is equal to the number of vacancies, I declare the following members to be duly elected to the Committee for the financial year 1947-48.

(1) Dr. P. G. Solanki, (2) Sri M. K. Jmashandran, (3) Lala Deshbandhu Gupta, (4) Mr. N. V. Gadgil, (5) Sri M. Ananthasayanam Ayyangar, (6) Shri Sri Prakasa, (7) Mr. C. P. Lawson, (8) Mr. Muhammad Ismail Khan, (9) Mr. Siddiq Ali Khan and (10) Haji Abdus Sattar Haji Ishaq Seth.

ELECTION TO STANDING COMMITTEE ON PILGRIMAGE TO THE HEJAZ

Mr. President: I have to inform the Assembly that upto 12 Noon on Thursday, the 27th March, 1947, the time fixed for receiving nominations for the Standing Committee on Pilgrimage to the Hejaz, five nominations were received. As the number of candidates is equal to the number of vacancies, I declare the following members to be duly elected to the Committee.

- (1) Syed Ghulam Bhek Nanang,
- (2) Mr. Tamizuddin Khan
- (3) Mohammad Amir Ahmad,
- (4) Mr. Mohammad M. Killedar, and
- (5) Khan Abdul Ghani Khan

ELECTION TO THE STANDING COMMITTEE FOR COMMERCE DEPARTMENT

Mr. President: I have to inform the Assembly that upto 12 Noon on Thursday, the 27th March, 1947, the time fixed for receiving nominations for the Standing Committee for the Department of Commerce, ten nominations were received. As the number of candidates is equal to the number of vacancies, I declare the following members to be duly elected to the Committee for the financial year 1947-48.

(1) Mr. Yusuf Abdoola Haroon, (2) Mr. M. J. Jamal Moideen Saib, (3) Mr. Ahmed E. H. Jaffer, (4) Khan Abdul Gham Khan, (5) Sardar Bahadur Captain Sardar Harendra Singh, (6) Sreejith Rohini Kumar Choudhury, (7) Mr. Krishna Chandra Sharma, (8) Mr. Ananda Mohan Poddar, (9) Seth Sukhdev, and (10) Mr. Leslie Gwilt.

INDIAN FINANCE BILL—contd

Mr. President: The House will now proceed to consider the Bill to give effect to the financial proposals of the Central Government for the year beginning on the 1st day of April 1947. The question is.

‘That clauses 2, 3 and 4 stand part of the Bill.’

The motion was adopted.

Clauses 2, 3 and 4 were added to the Bill.

Mr. P. J. Griffiths (Assam European) Sir, I move

“That in clause 5 of the Bill, in the Second Schedule to the Indian Tariff Act as modified by the Bill, item 5 be deleted.”

I do not propose to make a detailed speech at this stage. During the discussions on the Budget I made clear my objection to this particular duty. I tried to make it clear at that time that in objecting to this particular duty I was not speaking particularly on behalf of the tea industry. We are not particularly concerned with its immediate effect. I am far more concerned with the acceptance of what seems to me a very doubtful and positively undesirable principle. I hold that export duties is an imposition of doubtful wisdom. They invite retaliation. Under ordinary circumstances they might well bring restriction in markets. The fact that they cannot do so at present merely arises from the general shortage of commodities and in this case from the general shortage of tea in the world. It does seem to me that for this country to take advantage of that kind of shortage is not justified. I know other countries have done it. They are wrong. I do not think we should accept a wrong principle because it has been accepted by certain other countries. I do not propose to dilute on this. I content myself with merely moving the amendment.

Mr. President: Does the Honourable Member wish to move the second one also?

Mr. P. J. Griffiths: Yes, if the first one fails.

Mr. President: The Honourable Member may better move the second one also. The debate might be common to both.

Mr. P. J. Griffiths: I move

“That in clause 5 of the Bill in the Second Schedule to the Indian Tariff Act as modified by the Bill in item 5 for the words ‘four annas’, the words ‘two annas’ be substituted.”

No speech is necessary. I move this in case the first one fails.

Mr. President: Amendments moved.

“That in clause 5 of the Bill, in the Second Schedule to the Indian Tariff Act as modified by the Bill, item 5 be deleted” and

“That in clause 5 of the Bill in Second Schedule to the Indian Tariff Act, as modified by the Bill, in item 5 for the words ‘four annas’, the words ‘two annas’ be substituted.”

Prof. N. G. Ranga (Guntur cum Nellore Non-Muhammadian Rural) I oppose these amendments. I cannot agree with my Honourable friends remain in regard to the advisability of imposing export duties on any commodities. He warns us about any possible retaliation but I would like him to remember that in regard to tea his own country, England imposes a very heavy import duty and thus derives a very large amount of revenue and this is a commodity for which there is a very great demand not only now but in ordinary days of peace and a commodity on which the importing countries—both their businessmen and their revenue collectors—make huge profits as well as revenue and I do not see any reason why India and the Indian Government should not try to derive some revenue by imposing this export duty. I do not

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think this industry is going to be hit in any way at all. On the other hand the industry is well as the Government will be benefited by a duty like this which will support the improvement of the export goods.

Dr. Zia Uddin Ahmad (United Provinces Southern Division, Muhammadan Rural). I should like to know from the mover of this amendment on whom the increase in the export duty will be borne. Will it be borne by the Government and the consumer in other countries, or by the consumer in our country? I would like to know the answer to this. This will be a loss to the producer. I would like to know the answer to the question of the incidence of the duty.

The Honourable Mr. Liaquat Ali Khan (Finance Member). My Honourable friend Mr. Griffiths has moved his first amendment on a matter of principle but his second amendment which he has also moved falsifies that principle for which he stands because if the export duty of 2 annas is justifiable, then a duty of 4 annas is also justifiable.

Mr. P. J. Griffiths. If something is bad, something half as bad is only half as bad.

The Honourable Mr. Liaquat Ali Khan: My Honourable friend thinks it is bad because it will affect the consumer in other countries. That seems to be his argument. As I said we do not like it as a rule to levy export duties but it is a fact that our finances require extra revenue. Secondly tea is at present being produced in only 4, 5 and 6 annas. Ceylon has got a 2 anna export duty even higher than ours. It is about 6 annas per lb. Therefore, I do not see any reason why this country should not be benefited by it.

With regard to his second amendment all that I would say is this. We feel that the duty of 2 annas is not excessive considering what the country next door has done. Then Sir I would like to point out that we are paying exorbitant prices for the goods that are being imported into this country and my Honourable friend's own country is charging much higher prices than what they are paying. Therefore I do not see any reason why the Government of India should not levy the duty and try to make up some of the loss which we have to incur on account of these high prices that we have to pay to other countries for the import of rice and other commodities. I oppose the amendment.

Mr. President: I put the first amendment first. The question is

That clause 5 of the Bill be amended so as to delete the word "and" modified by the word "or" and the word "and" be deleted.

The motion was negatived.

Mr. President: I now put the second amendment. The question is

The motion was negatived.

Mr. President: The question is

That clause 5 stand part of the Bill.

The motion was adopted.

Clause 5 was added to the Bill.

Clauses 6 and 7 were added to the Bill.

Mr. President: Before I call upon Pandit Thakur Das Bhargava to move his amendments to the Schedule may I point out one thing to him. If I am mistaken the Honourable Member will correct me. I find that amendments Nos. 5, 6 and 7 on the printed list refer to the Schedule so far as income-tax levy is concerned and amendments Nos. 17, 18 and 19 refer to super-tax.

Mr. P. J. Griffiths: No. 16 also.

Mr. President: I am referring to the grouping. He is having these amendments on the principle of having further facilities to the Hindu joint families. So, the principle involved in all these amendments is practically the same. The Honourable Member may therefore, move all the three amendments (Nos. 5, 6 and 7), so that the discussion may be common and may not be repeated again.

میں چاہتا ہوں کہ ان کی اجازت : amendment نمبر 5 اور 6 اور 7

اور 7 پر move کر دیا جائے اس کے بعد اگر موقع ملے تو نمبر 5 پر move کروں گا۔

Pandit Thakur Das Bhargava (Ambala Division, Non-Muhammadan) : Sir, with your permission I want to move amendments Nos. 14 and 20 first and after that if I have an opportunity I may move No. 7 later on.

Mr. President: The Honourable Member might move 14 and 20 both.

Pandit Thakur Das Bhargava: Sir, I move—

That to Part I A of the Schedule to the Bill the following be added—

Provided further that in the case of the Hindu undivided family each member shall be assessed separately according to his income, and the provisions of the Income Tax Act, 1922, shall apply to him.

I also beg to move—

That to Part II A of the Schedule to the Bill the following be added—

Provided further that in the case of the Hindu undivided family each member shall be assessed separately according to his income, and the provisions of the Income Tax Act, 1922, shall apply to him.

Pandit Thakur Das Bhargava: (The Honourable Member spoke in Hindi—standard Urdu—Hindustani text see Appendix to these Debates for the 28th March 1917, English translation given below—*Id. of D*) Sir, the object of the amendment is very simple. It requires that the privilege given to a member of an undivided Hindu family in the Section 14 (1) may be taken back and he may be assessed as if he was an individual. Part I A says—

In the case of every individual Hindu, Hindu family, unregistered firm and other associations—

Under 1 is a member of a Hindu undivided family should be taxed as an individual. When the Budget discussion began I explained to the House giving some figures how an undivided Hindu family consisting of one father and three sons, their income of Rs. 400,000 have to pay Rs. 362,000 as taxes, under the present scheme while in a non-Hindu family consisting of one father and three sons each having separate income of his own aggregating Rs. 400,000 will have a balance of Rs. 192,000 left as income. I may say that I do not beg any privilege from the House for an undivided Hindu family which includes Sikhs and Jains also.

I do not want for any Hindu, Sikh or Jain or any member of an undivided Hindu family any privilege which is not given to any other person. This is not my purpose. My purpose by this amendment is that the unjustifiable hardship imposed inadvertently on an undivided Hindu family may be removed and the principle of equality and uniformity in income tax may be observed. I am very thankful to the House and to the members of the Select Committee on the Business Profit Tax Bill that they acknowledged the soundness of the principle which was discussed. On reading the report of the Select Committee on Business Profit Tax Bill it will be found that distinction has been made in the

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definitions of 'Abatement' Abatement in the case of an individual or a firm and abatement in the case of an undivided Hindu family have been clearly differentiated. The abatement in the case of an undivided Hindu family is defined in Section 2 (1) (c) thus:

In the case of an undivided Hindu family two lakhs of rupees. In any other case one lakh of rupees.

Accordingly, Government have admitted the amendment in the Select Committee. In fact, an undivided Hindu family cannot be considered as an individual. I should say regarding the acceptance of this principle that it has been sympathetically considered. So far as justice, however, is concerned it has not been meted out to an undivided Hindu family. I do not beg for any kindness or generosity in this case. I only want to say that if the House has admitted its soundness it should not tax the Joint Hindu Family as such. To give a privilege only will do no good except, of course, that it will ease the hardship a little without doing justice to the case. In fact, it is not known on what grounds the drafters of the Income Tax Act 1960 placed the undivided Hindu family on the same level as an individual and on what basis they taxed such a family. It is a pity that it cannot be ascertained as I have not come across any literature on the subject up to this time. I have carefully read, in this connection, the report of the Taxation Committee 1923-24 but found no discussion of this point. It appears that an undivided Hindu Family was taxed on the ground that the people who were taxed under 1960 Act were commonly people who were traders and at the same time had industrial business. But an undivided Hindu Family is a social unit and not an economic unit of existence. It cannot be taken as a "juristic person" or as a 'unit'. It is not a profit making concern. According to population *Brahmins* and *Chamars* are two major sections in the community. There is a large number of *Brahmins* joint families and *Chamar* undivided families and both these sorts of Hindu families are not traders. Many of the members of this House do not know this fact but fortunately our Finance Member is not one of them that he may be told such things. He knows it fully well. He belongs to a province where these affairs are well known. A thing which is so plain should not be so much stressed. My submission is that an undivided Hindu family can neither be said a Profit making concern nor a Trading concern. In Business Tax where a definition of an individual is given it has been admitted for an undivided Hindu family that it is not even a partnership concern. I want to draw your attention to a very important point that an undivided Hindu family has under no condition been acknowledged as a "juristic person". It has been considered as an individual and a natural person. A juristic person is a person who has been given by law the status of a person. An undivided Hindu family cannot institute legal proceedings under Civil Procedure Code. Legal proceedings can only be instituted by a partnership firm. Legal proceedings can be instituted under Order 39 which relates to firms. I assert that an undivided Hindu family has not been considered a "juristic person" except for the purposes of income tax. I do not want to dilate on the sufferings and hardships borne by undivided Hindu families on account of Income Tax and Super-tax because all the members know them full well. One of the members of an undivided Hindu family works in Calcutta another in Lucknow and yet another in Lahore. They live separately with their families but the presumption of Hindu Law does not leave them alone and they are considered an undivided Hindu family. If an income-tax officer desires he can levy tax on their collective income under the assessment order. Leave aside other cases I will tell the House my own personal experience. We are four brothers. Our father and each of us live separately. Father is a public servant in Multan, I practice in Hissar, one brother is a medical practitioner in Lahore, third brother practised in another place and the fourth one is a government servant. I appeared before the Income-tax Officer in 1914. I asked him why so much tax was levied on me. My income is not so much. I was assessed

more than Rs 10,000 as a Vakil I protested that the tax was too much. He threatened me that he would include me with my father. I replied that my father's salary was already taxed and we do not live jointly. We live separately and have nothing in joint possession. Brothers also each live separately. How can you treat us jointly? At last I thought that discretion was the better part of valour and I kept quiet lest he actually makes an assessment on our joint incomes. Had he done that I could have found no redress either from the Assistant Commissioner or from any other Office although we were neither living jointly nor had we joint income. In fact Hindus live more separately than others and they cannot be called the members of a joint family, but if they are considered as a joint family the incomes of all the members will be collected and taxed and the members whose income are not taxable will also be taxed and the rate of tax will also increase. This misery regarding undivided Hindu family is real and confronts daily the Hindus who live separately but are forced to become the members of a joint family. When these Hindus place their grievances before an Income-tax Officer he resorts to stratagem and tells them that they would have to give proofs under sections 25 and 25A that they were living separately and then it would be left to the discretion of the Income-tax Department to decide whether they were or were not members of an undivided family. I do not want to dilate upon legal complexities of a legal distinction before the House. I was glad yesterday to hear our Finance Member say that it was not good to go on pursuing a theory. We must be practical. If you want to see a practical instance I invite your attention to 102 Pk 1889 which clearly says that families described as undivided Hindu families in books do not exist in the Punjab. In 1889 the High Court of Lahore gave a decision that such families as described in the Books as undivided Hindu families were not found in the Punjab. Under this decision 34 PR 1919 was admitted as correct and the High Court, Punjab, once again, gave a decision that such Hindu families do not exist in the Punjab. Today if a Hindu of an undivided family dies the mutation is carried out just like that of a Moslem or a Christian and when money advanced by such a deceased is to be collected a succession certificate is obtained just in the manner in which such certificates are obtained for Moslems and Christians and the amount of Court fee is the same as for those communities. When a Hindu dies his death has no meaning according to Hindu Law theory. Separation takes place merely at his wish. Separation cannot take place by death. Separation can only take place by partition of property. Under the circumstance I ask, with due deference that in the face of so many decisions of the Punjab High Court that there are no undivided Hindu families in the Punjab as given in the books why the tax is being levied according to ancient methods. I tell you that it is not only in the Punjab. Sind and U P are also in the same category. If you take into consideration other parts of India where the law of *Daya Bhag* is in vogue then under theory also undivided Hindu families cannot be taxed.

According to Hindu Law of *Daya Bhag* the sons of a Hindu do not inherit their father's property by the merit of birth. The share of every individual is definite and ascertained. Thus according to theory each kind of the family is based on a different idea but for the purposes of taxation they are considered one. I do not want to go into the legal complexities of *Daya Bhag* and *Mitakshera*. I will only explain one important difference. Under *Daya Bhag* a son has no right in the property during the life time of his father. If that is so, why tax is levied on such an undivided Hindu family in which even the share is not ascertained? So far as the principle of *Daya Bhag* and *Mitakshera* is concerned there is nothing to show that an undivided Hindu family should not be taxed as a divided family. In fact in a *Daya Bhag* family it is not possible to do it. Under it the income of every member of the family is determined. Under Section 9 Sub-section 8, Income-tax Act it is not lawful to levy tax on such joint properties but still the tax is levied on an undivided Hindu families. It is a legal heresy! So far as Hindus under *Mitakshera* are concerned I have stated

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real facts and reasons that according to theory which must have been formulated thousands of years ago at present no undivided Hindu family of that conception exists. Hindu Women's Property Act piloted by Dr. Deshmukh and passed by the Assembly in 1937 was against the principle of Mitakshera in its legal conception which is that if a man of an undivided Hindu family dies his widow can inherit nothing from his property but now the right of representation is acknowledged and the law of the whole of India is changed. Hence in the Punjab according to custom in all the Hindu families the Right of Representation is found that if the father of a boy dies in the life-time of his grandfather the grandson becomes an inheritor in the grandfather's property and receives the share of his deceased father. No son has the right to get the property divided during the life-time of his father which means that the son is not born with any right to the property of his father. I understand the same law is current in Bombay that no son can get the property partitioned in the life-time of his father. I should therefore say that the undivided Hindu family of the books has become extinct. No Hindu family now exists which tallies with the description given in Hindu texts. You may leave it also for a moment. I tell you another strange thing where the law does not desire to use the theory of undivided family it easily evades it but where it wants to make use of it increased tax is levied under its cover. This two-sided policy is not fair. I want to draw your attention to a principle in the Evidence Act called 'Estoppel'. I should say the House is "estopped" today because the House has agreed that the undivided Hindu family is not in any way taxable like an individual and this distinction between an individual and an undivided Hindu family has been recognized by all. The sum of two lakhs of rupees proposed in the Business Profits Tax Bill does not also do full justice to the undivided Hindu family. In fairness every individual Hindu should be taxed just as his non-Hindu brother. In any case, in the case of rich man this distinction has been accepted.

If a poor man has four sons and each of them earns Rs. 50 you take their incomes collectively in order to make it a taxable minimum that you levy tax on the incomes of all making it a joint income. It is manifest injustice. You are prepared to give every convenience in the case of a rich man, but for a poor man you are not prepared to do anything. With due deference I refer the Honourable the Finance Member to his theory of social justice and to his yesterday's speech. If there is no disparity in what he preaches and practices and if, what he said yesterday was his intention as I confidently believe it was I will show him that there is a glaring disparity which you can remove and which I insist should be removed.

Mr. President: The Honourable Member may resume after Lunch.

The Assembly adjourned for Lunch till Quarter past Two of the Clock.

The Assembly re-assembled after Lunch at Quarter Past Two of the Clock, Mr. President (The Honourable Mr. G. V. Mavalankar) in the Chair.

Pundit Thakur Das Bhargava: I was submitting for the consideration of the House that the Government when it suited them would not care for a legal theory here or there.

Mr. N. M. Joshi (Nominated Non-Official): You were speaking in Hindi.

Pundit Thakur Das Bhargava: Yes, I have just begun to speak in English because some of my friend told me that they did not follow my Hindustani.

Mr. N. M. Joshi: Will you translate all that in English?

Pundit Thakur Das Bhargava: No, I do not propose to repeat all that.

Mr. President: It is not necessary to repeat. I might just state here that if any Honourable Member takes too much time over his amendment, the result of the agreement would be that at 5 O'clock there will be no further argument and all outstanding questions will be put to the vote. Therefore, in order to give sufficient time to all Honourable Members who propose to move amendments, each Honourable Member will be as brief as possible.

Pundit Thakur Das Bhargava: I propose to make one speech only in connection with all the amendments which I am moving.

Mr. P. J. Griffiths: I do not wish to raise difficulties, but Sir, I was not aware of any agreement of that kind.

Mr. President: The agreement was that the first four days were to be earmarked for general discussion—consideration stage—and today the clause by clause reading would take place and it will be finished by 5 O'clock. Otherwise all questions outstanding at that time will be put to the House and disposed of.

Mr. P. J. Griffiths: It may not be possible to discuss all the amendments which we propose to move.

Mr. President: The other amendments will be put to the House if the Honourable Member so wishes. That is the agreement of the Parties.

Mr. P. J. Griffiths: If that is so, will you insist that this particular amendment should be disposed of by a certain time?

Mr. President: I will request each Honourable Member to dispose of his amendment within as short a time as possible. This very amendment is coming up every year, and I believe even last year the Honourable Member who is speaking now spoke on that at some length.

Mr. P. J. Griffiths: As far as we are concerned, we will not speak on any amendments.

Mr. President: The Honourable Member may speak for a short time, but one need not go in details. If we finish soon, then we have other business also—Supplementary Grants. I might read the agreement which was reached by all the Parties for the information of the Leader of the Opposition. I stated on the 24th March:

"Before the motion is formally moved I might just inform the House that I am informed that parties have agreed that the consideration and all the stages of this Bill will be finished by 5 p.m. on Friday the 28th March, and all questions outstanding at that time will be put to the House and disposed of."

Sir Cowasjee Jehangir (Nominated Non-Official) Then there must be a limit of time on speeches.

Mr. President: I am leaving it to the Honourable Members.

Pundit Thakur Das Bhargava: I was submitting that whenever it suited the Government, that accepted this or that theory provided they were able to take the maximum amount of tax from people. I will in this connection refer you to paras 373 and 374 of the Report of the Indian Taxation Enquiry Committee of 1923-1924. I do not want to read those portions. By their perusal you will be convinced Sir that the Government themselves accepted that a member of the Hindu joint family can be treated as a divided person in respect of the realization of court fees. Now, Sir a Bill was introduced in the last Session known as the Bill to provide for the levy and collection of duty in connection with Estates in British India, and I will refer you to Sections 5, 8 and 12 of that Bill to prove that the Government have accepted this very principle which I am submitting for their consideration. I will not read all these sections, but with your permission I will read a line from Section 5—

"Property of which the deceased was at the time of his death competent to dispose shall be deemed to pass on his death."

[Pundit Thakur Das Bhargava]

According to the strict Hindu law death is of no consequence in a joint Hindu family. Therefore my submission is that with regard to these two measures at least the Government have to accept the very principle which I am advocating for their consideration. That is not all. The difficulty is that in this legislation relating to the Income-tax Act the Government are proceeding on the principle of 'Heads I win tails you lose'. You will be pleased to see Section 25(A) of the Income-tax Act and there it would appear that whenever a claim is made by a member of the joint Hindu family that his family stands disrupted, the Income-tax Collector has not to find whether there has been a separation in the legal sense because it is settled law and every tyro knows it that every Hindu carries his remedy of separation in the hollow of his hand. A Hindu has only to declare his intention for separation, and he is separated according to the many rulings decided by the Privy Council. But this principle has not been accepted by the Government and they have enacted that unless and until the partition by metes and bounds is proved the partition will not be recognized, but according to these rulings partition by metes and bounds is not necessary. I will therefore submit that all along the line in the whole of the Income-tax Act the joint Hindu family is a loser. As regards the effect of these provisions I need not expatiate on it too much. Every lawyer knows that these provisions in the Indian Income-tax Act have been instrumental in partitioning and disintegrating many families. I am not enamoured of Hindu joint family, but I do not want that a fiscal measure of this kind should disrupt the Hindu joint family unnecessarily. Whenever there is an occasion for assessment the seed for future litigation is sown.

In the end I would submit that it may be argued—it was argued, and I was just told by an Honourable Member of this House—that since there is some compensatory advantage to the joint family system, it is not fair to say that we will take the advantages and not be liable for the disadvantages. My amendment shows that the advantage of Section 14(1) should be taken away from the Hindus. And what is this compensatory advantage? In regard to rich families where there is an income from the Hindu joint family and a separate member has a separate income, the advantage to the Hindu joint family is that in regard to the separate income the income from the joint family is not added on and for the purpose of the rate, it is not treated as an income. I have not been able to understand the theory of this compensatory advantage. If a Muhammadan in Bihar is killed by a Hindu and a Hindu is killed by a Muhammadan in Rawalpindi why should the man in Delhi think that he could not be justified in loving his brother of the different religion. This amounts to robbing Peter to pay Paul. I am a poor man in the Punjab. I want my own advantages and disadvantages. What is it to me that a rich man in Calcutta is benefited by a compensatory provision. Further we know all the sections of the Indian Penal Code. They all speak of 'whoever' every person has to look to his personal gain or loss. If a brother of mine was benefited at my expense then even it would be no solace to me. This compensatory advantage is illusory. There are very few families with both kinds of incomes and then there is a difference in the rates merely, whereas we have to look more sympathetically towards a poor family. I hope you will be convinced that this provision of the Income-tax Act operates very heavily. The taxable minimum is reduced in the case of a Hindu to an amount divisible by the number of members. If seven persons, all labourers, getting Rs. 20/30 a month are members of a Hindu joint family they will be taxed, whereas the law does not want them to be taxed. The real grievance of my complaint is that the present law differentiates between a poor and a rich Hindu family and the provisions are more onerous to the poor Hindu family compared to the rich Hindu family and I do not understand how any concession to the rich man would inure to the benefit of the poor man. In regard to many other matters, this law is unjust in the extreme.

I believe that I have submitted for your consideration enough to prove that this is a case of a glaring discrepancy. All the requisites which should have been proved by me for attracting the attention of the Honourable the Finance Member have been proved in this case. This question has not been raised for the first time, though it will take a minute to dismiss the argument that a grievance being long acquiesced in need not be remedied. I understand that the Hindu joint family is being taxed for a long time. Even if the grievance is old, it should be removed all the more readily and I do not think this argument should be adopted by the Honourable, the Finance Member. This point was raised by me a very long time ago and the reply I got in 1930, 20th March, from Sir George Schuster was

"I am quite ready to admit that as the law stands at present there are frequent cases of—I might almost say—injustice, certainly of hardship, as regards taxation. But I do submit that the existence of these cases does not justify a wholesale alteration of the law without careful consideration."

Sir, similar words were spoken by Sir Archibald Rowlands on the 28th March, 1946. He said

"From my short study of this question, it seems to me that there may be cases in which the operation of the law at present works hardly on a Hindu undivided family, I do recognise that there are several cases in which as I say, the operations of the present law may be hard on a Hindu family."

Unfortunately my party (Congress Nationalist) and I resigned from the Assembly in 1930 and nothing was heard of this matter by me subsequently. I know that the reply will be that the Taxation Enquiry Committee is coming and therefore we should wait for its report. For the last twenty years it has been told to us that the matter should not be raised on the floor of the House at the time of the Finance Bill and other steps should be taken. In 1928 I sent a Bill for the sanction of the Governor-General but the sanction was refused and these twenty years have been taken by the Government to consider the matter, through every year this question was raised from 1928 to 1930. I do not want to be told by the Honourable the Finance Member that this will be referred to the Taxation Enquiry Committee at present nothing can be done. Therefore with a view to meet this argument, I have given notice of several amendments which appear before you on the agenda paper and a perusal will show that I have in the first place, in the amendments which I have now moved, requested the Honourable the Finance Member to agree that for the next year also a member of the Hindu undivided family will not be taxed in his capacity as such but as an individual. If that is not acceptable, then there are other alternative methods. I have given a schedule for tax. Even if that is not accepted—because it is the schedule prepared by a person who thinks that a member of the Hindu undivided family is taxed inordinately—I submit that it must at least be admitted that no family consists of less than two members, so that amendment No. 7 may be considered as a measure which gives the minimum relief. I have proposed that as in relation to the Business Profits Tax the amount of the abatement has been made doubly as large as in the case of an individual by the Select Committee. The amount of the total income and the figure about the amount of income for the Hindu joint family may be taken to be double of what they are given for the individual in the Schedules of Part I and Part II. It follows that the principle will thereby be accepted. In every Hindu joint family there are not only two members. There may be many more. But there cannot be less than two and therefore I will be satisfied that until the report of the Taxation Enquiry Committee comes before the House the Interim Government may be pleased to give us interim relief. This is a case in which the poor middle-class people suffer very heavily. The rich people do not suffer as much because they have some compensatory advantage. But the poor man has no advantage. Moreover, it is a matter of securing uniformity of taxation. I say and I say boldly, if the Hindu has got any advantages whatsoever in his capacity as a member of the Hindu undivided

family, then take it away. As the nationals of this country, we Hindus should be taxed like others and not unnecessarily put at a disadvantage

Mr. President: Amendments moved.

"That to Part I-A of the Schedule to the Bill, the following new Proviso be added namely

'Provided further that in the case of the Hindu undivided family each member shall be assessed separately and his total income for assessment purposes shall be deemed to be an income at which he would have been assessed if such member was not joint and the exemption mentioned in sub-section (1) of section 14, of the Indian Income-tax Act, 1922, did not apply to him'."

"That to Part II-A of the Schedule to the Bill, the following Proviso be added, namely :

'Provided further that in the case of the Hindu undivided family each member shall be assessed separately and his total income for assessment purposes shall be deemed to be an income at which he would have been assessed if such member was not joint and the exemption mentioned in sub-section (1) of section 14 of the Indian Income tax Act, 1922, did not apply to him'."

Sri S. T. Adityan (Madura and Ramnad *cum* Tinnevely Non-Muhammadian Rural) I rise to support these amendments. I shall not take a long time over them. My Honourable and learned friend Pundit Bhargava gave all the legal grounds that have been ordinarily urged for and against. It is generally supposed that the ground on which a Hindu joint family is taxed as a single individual instead of a number of individuals is on the analogy of a corporation. It is true that there are a few aspects in which it resembles a corporation. But on examining the grounds on which corporations are taxed as individuals you will find that the principles are firstly that there is a limited liability. It is an advantage for a corporation and it is an advantage which a single individual or a partnership does not enjoy. It is an advantage given by the State, it is a protection given by the law and therefore the State is entitled to tax a Corporation a little more than an ordinary person. Secondly, it has been also said that there is a historical reason behind it, namely that corporations originally started with a charter of the King as a special favour of the King, and therefore there is a historical reason for the taxation of Corporation. There are very few corporations which are chartered now. For these two reasons it has always been said by people who support the corporation tax that the tax is reasonable, though it really falls upon the middle class people mostly. As the Honourable the Finance Member himself admitted, the capital for the corporations come not from the rich men but mainly from the middle class men. The point before the House is how far in these two aspects a Hindu joint family is comparable to a corporation or a company. Has it got a limited liability? It has not. Has it got a charter given by a King? It has not. What is the special protection of law or of the state that it receives in exchange for this liability? A joint family may have 10 or even hundred persons as sometimes happens in the West Coast of Madras Presidency. In the West Coast of Madras Presidency in some families there are as many as 100 persons living in the same joint family. The income of all these persons will be treated as the income of a single individual and taxed. But there is no corresponding benefit to the family. As my Honourable friend suggested we will be glad to submit to anything in order to be relieved of this liability. If there is a liability I would suggest that there must be a corresponding advantage on the other side but at present there is absolutely no corresponding advantage. Therefore it is unjustifiable to tax a Hindu joint family as a single individual.

There is another aspect of the matter which I would like to put before the House. You know it is always a difficult question which arises quite often before the courts of law and sometimes before the Privy Council whether a family is really joint or divided. It is a difficult question which can always be disputed from court to court. It is not only a point of law or merely of settled facts. Facts themselves can be disputed and the law itself can also be disputed on the facts. When it is a question of disputable fact or law is it at all reasonable that a taxation proposal should have such an uncertainty about it? A point on which there can be dispute on appeal from court to court up to the

Privy Council (because some families may be rich enough to go to the Privy Council) cannot be the basis of taxation. A taxation proposal should be definite and clear. The authority who collects the tax should not be left in doubt. Where judges are left in doubt, where a judge's decision can be easily changed in the High Court or changed again in the Privy Council, such a point should not be the basis of a taxation proposal. I hope the Honourable the Finance Member will consider this aspect of the question and will accept the amendment.

The Honourable Mr. Liaquat Ali Khan: Sir, I have carefully listened to the speech of my Honourable friend Mr. Thakur Das Bhargava. As a matter of fact he has been putting forward this point of view on every occasion when he had an opportunity of doing so. It will be recognised that this is a matter which concerns and affects the whole of Income-tax law and I am afraid it is not possible to consider this point in the course of a Finance Bill and decide a matter of this importance.

The Honourable Member stated that in 1930 the then Finance Member had admitted that there was some justification for considering this matter and he had promised that the matter will be considered in due course. But after that my Honourable friend did not enlighten the House that this matter was actually considered in 1939 by this House when the Income-tax Amendment Bill was under consideration. Sir, I am not well versed in Hindu Law but I know that at that time when this matter was being considered by the Assembly this House had such eminent and outstanding lawyers as the late Mr. Bhulabhai Desai and I am informed that at that time the opinion of the Hindu members of the House was that there was no case for making any exception in the case of a Hindu undivided family. The Amendment Bill was passed by this House with the support of the Congress Party that was there in the House at that time.

My Honourable friend has said that by the Select Committee accepting an abatement of 2 lakhs in place of one lakh in the case of a Hindu undivided family, this House has accepted the principle that there should be a special case made out for a Hindu undivided family in the case of income-tax administration. First of all I would like to point out to my Honourable friend, who is an experienced legislator and a capable lawyer that the acceptance of any amendment by a Select Committee does not commit the House to that course in the least. That Bill has not yet come before the House and therefore that argument of his, to say the least, is premature. But even if that amendment had been accepted by the House, that relates to one special kind of tax which is quite different from the kind of income-tax with which we are dealing now.

There was one point that was made out by my Honourable friend. He said that the Income-tax officers harass the Hindu assesses by assessing them to a very high tax and then threatening them that if they did not submit to it, they will class them as Hindu undivided families. To support this allegation my Honourable friend had to go back 33 years to give an instance. He gave an instance of his own where in 1914 some income-tax officer had assessed him rather high and when my Honourable friend protested, the officer threatened that if he did not submit to it, he would class my Honourable friend as an undivided Hindu family. All that I can say is this that no such cases have come to my notice since I have taken over office. If there is any such case where an Income-tax Officer has not been playing fair with any Hindu assessee I assure my Honourable friend and the Honourable Members of the House that I and my Department will certainly enquire into such a case.

Sir, I do not think there is very much that I can say at this time except that I am sorry that I do not mind myself in a position to accept the amendment which has been moved. As I have stated, it is a big question and it can be considered when the question of amendment of Income-tax law in this country comes under consideration.

Pundit Thakur Das Bhargava: I would like to withdraw the amendment

Mr. President: Both the amendments I suppose

Pundit Thakur Das Bhargava: Yes, Sir

The amendments were, by leave of the Assembly, withdrawn

Sri N. Narayana Murthi (Ganjam cum Vizagapatnam Non-Muhammadian Rural) Sir, I beg to move

"That in Part (i) of the proviso to Part I-A of the Schedule, for the figures '2,500', the figures '3,000' be substituted"

In moving this amendment I need not make a long or convincing speech. It is a simple and straight proposition the basic principle of which has already been recognised by the Finance Member when he proposes to raise the present taxation level of income-tax from Rs 2,000 to Rs 2,500. According to the Finance Member even incomes of Rs 200 a month are going to be taxed while my amendment requires that only incomes over and above Rs 250 a month should be taxed. A monthly return of less than Rs 300 to be treated as an income is, I think, a misnomer in these days of inflated prices. If we compare the percentage of rise in the price-level of the time when this Rs 2,000 minimum was fixed to the present day price levels, and if we demand a proportionate rise in the taxation level we ought to have asked for the minimum taxable limit to be fixed at Rs 4,000 or Rs 5,000. But my amendment is a very humble one, asking only for an increase of Rs 500 over what the Finance Member has already accepted to show by way of concession. Sir, the difference which this concession will cost the revenues of the country is not more than Rs 1 or 1½ crores which is nothing for a Government with a Budget of Rs 400 crores a year.

Sjt. N. V. Gadgil (Bombay Central Division Non-Muhammadian Rural) It will cost Rs 40 lakhs

Sri N. Narayana Murthi: Sir, it will cost only Rs 40 lakhs. Much has been said in the last four days in the course of the discussion for the poor as well as for the rich. Sir, my amendment now seeks a relief to the middleclass men who in fact bear the brunt of the whole taxation burden of this country. I appeal to the Finance Member to accept this amendment with the same spirit of reasonableness with which he has given a pinch of salt to the poor and all milk and honey to the rich. It is in that spirit that I move this amendment which is in fact supported by almost all sections of this House. I therefore appeal to the Finance Member to accept the amendment with the same spirit of reasonableness with which he has accepted the compromise arrived at between the Select Committee and himself.

Mr. President: Before I place the amendment to the House I should like to know whether Mr. Hiray wishes to move his amendment.

Sjt. B. S. Hiray (Bombay Central Division Non-Muhammadian Rural) Yes, Sir

Mr. President: Then I should like all the amendments to be moved together so that the debate may be common. I find amendments Nos 4 and No 5 in the supplementary list by Miss Kara and Mr. Guruswami respectively are identical with the amendment of Mr. Hiray except that there is some addition in the amendment of Mr. Guruswami.

Mr. S. Guruswami (Nominated Non-official) I wish to move my amendment.

Miss Maniben Kara (Nominated Non-official) I wish also to move my amendment.

Mr. President: It is the same and need not therefore be moved.

Sjt. B. S. Hiray: Sir, I shall move my two amendments I beg to move:

"That in part (ii) of the Proviso to Part I-A of the Schedule, for the figures '2,500', the figures '3,000' be substituted" and

"That in part (iii) (a) of the Proviso to Part I-A of the Schedule, for the figures '2,500', the figures '3,000' be substituted"

Mr. President: Mr Guruswami may also move his amendment

Mr. S. Guruswami: I beg to move

"That in part (i) of the Proviso to Part I A of the Schedule, after the figures '2,500', the following be added, namely

'exclusive of dearness or any other allowance granted as compensation for increased cost of living'

Mr. President: Amendments moved

(1) "That in part (i) of the Proviso to Part I A of the Schedule for the figures '2,500', the figures '3,000' be substituted" and

(2) "That in part (ii) of the Proviso to Part I A of the Schedule, for the figures '2,500', the figures '3,000' be substituted" and

(3) "That in part (iii) (a) of the Proviso to Part I A of the Schedule, for the figures '2,500', the figures '3,000' be substituted" and

(4) "That in part (i) of the Proviso to Part I A of the Schedule, after the figures '2,500', the following be added, namely

'exclusive of dearness or any other allowance granted as compensation for increased cost of living'

There are four amendments before the House for discussion

Sjt. B. S. Hiray: Sir, last evening the Honourable the Finance Member gave us a long list of the relief he has proposed in his Budget. I would like to request him to be more fair to the lower middle class who is hard hit in these days. We are all aware that this class who is drawing merely Rs 250 per month is the hardest hit in these days. In spite of the efforts of the Government to provide him with all the necessities of life at controlled rate, he invariably is driven to the black market for his necessities of life. Take an instance. The cloth quota that is allotted to each head per year, which is hardly 10 to 15 yards, is insufficient and therefore he has to resort to the black market or for a finer quality of cloth. The foodstuffs supplied are unwholesome and are not sufficient for his needs. There also, he has to empty his pockets by going to the black market. He has also to pay very high rents in spite of the rent laws of the nation and of the various provinces. He has to pay very high charges for the services he is required to utilise. Owing to all this, he finds it difficult to meet all his needs and therefore this class of people require a relief, I mean the lower middle class which has no other income on which they can rely. I would therefore request the Honourable the Finance Member to concede this much relief. I know this will cost him nearly 40 lakhs a year but considering that this is a class to which relief is most needed, I hope he will accept this amendment. He must keep in mind the fact that this is the only class which cannot evade tax. This is a class of people who can neither beg nor steal. Sir I hope the Finance Member will accept the amendment.

Mr. N. M. Joshi: I rise to support this amendment. Ordinarily in India when the average income is about Rs 100, a sum of Rs 2,500 may not be regarded as too small and in ordinary times when prices were normal I would have certainly agreed to have some income-tax on a sum of Rs 2,500 but we are not living in normal times. Prices have gone up three times and the cost of living index for all India is somewhere about 280 or it may be slightly less. At such a time an income of 2,500 is certainly too small for the maintenance of a family. I am also emboldened by the fact that the Finance Member is to mind in a mood of generosity. He has accepted certain proposals which will cost him a great deal and if he could accept proposals for cutting his income coming from very wealthy people, he should certainly not hesitate to accept a small reduction in his income, which will result by his acceptance of this amendment. I therefore feel that one Honourable Member will show his generosity to these classes of people who deserve this consideration.

[N. M. Joshi]

I would also like to say a word in support of the amendment moved by Mr. Guruswami. His object is that the dearness allowance paid 3 P. M. to the working classes and to clerks should not be liable to be included in that part of the income which is to be taxed for the income-tax. I think the proposal is a very reasonable one, because the dearness allowance is not really paid to increase the man's income but to compensate for the loss which he is incurring. I would like the Honourable Member to remember this, that the dearness allowance nowhere is paid to such an extent as to bring the normal income of a man to his prewar level. As a matter of fact, the Honourable Member himself as Finance Minister comes in the way of the employer giving larger dearness allowance because to that extent his income from the income-tax levied on companies is reduced. I would suggest that this amendment should be accepted. It will not cost as much as the amendments which he proposes to accept, which would have given him a little more income from the wealthier classes.

Miss Maniben Kara: The Honourable the Finance Member in his Budget speech as well as in his speech yesterday spoke of social justice and reminded us about his social objectives. I was one of those who congratulated him for those social objectives. The Honourable Finance Member further said that he was not going to be blackmailed, but unfortunately the Honourable the Finance Member himself admitted yesterday that respecting the wishes of this House he has arrived at a compromise in his taxation proposals. I am very glad to see that on this amendment there is a unanimity of opinion. The Congress has moved this amendment, Dr Zia Uddin has given notice of his amendment, and my friend Mr Joshi and myself who represent labour have also given notice of this amendment. The Honourable the Finance Member compromised to the extent of accepting large deficit in his Budget by reducing the taxation proposals from 25 per cent to 17 per cent. I cannot understand how with the social objectives he has set forth, and after the fighting speech he made, he could ever accept a compromise. He argues that because half the number of members of the House wanted this compromise, he compromised on this issue. Now the entire House, barring the official members, want the Honourable the Finance Member to accept our amendment. The Finance Member must respect not only the opinion of Member of this House but also respect the public opinion. I am sure the public did not desire the compromise which he has accepted. A very small percentage, not more than 2 per cent of the population wanted that compromise in taxation proposals. By accepting our amendment, he will lose only 40 lakhs. Besides, he should know that on this issue there is a unanimity of opinion among all parties including the so-called nominated members like Mr Joshi and myself. I do not see why the Honourable the Finance Member should not to-day accept the democratic principle of which he talked lot yesterday about respecting the sentiments and feelings of this House. I also wish to point out that our system of taxation is not progressive, it is regressive. It is high time that the Honourable Member started an inquiry by which a progressive method of taxation will be imposed, so that the disparities of wealth can be removed. I do not want to take more time of the House, but as this amendment has the support of my Honourable friend Dr Zia Uddin Ahmad and my friends from the Congress Benches as well as the Members representing the cause of labour, I hope the Honourable the Finance Member will come forward and put into practice the social objectives which he had so ably stated before this House.

Mr. Manu Subedar (Indian Merchants' Chamber and Bureau Indian Commerce). Sir, I would like to support this amendment. In making my observations on the Budget speech I had recommended that the gesture made by

the Honourable the Finance Member in one direction was very inadequate compared to the gesture made in the other direction. I do not want to take the time of the House but I want to give one adequate argument in favour of this amendment and it is this. The Honourable the Finance Member has supported and has used the argument that people who have got adventitious wealth on account of war conditions, on account of improvements effected by the community and on account of the rise of prices should pay because they did not earn this income. Well, Sir, this argument was in his mouth when he was supporting those other measures with very great effect and it is a very powerful argument. But I submit that if he takes advantage of this argument with regard to the levy of the heavier taxation on the other side, it also behoves that a counter-balancing relief should be given to those who through no fault of their own but on account of the circumstances created in the society find themselves in the lamentable position where they are existing and find that their income is not adequate for the purpose. So long as inflation continues, this sort of relief is inevitable and the solution of all these troubles will come only when inflation is ended. But so long as it is not ended, I think Government ought to consider whether they cannot go to the length of meeting this particular case. It is only a matter of half a crore, and in the estimates alone there is a deviation of 10 to 15 crores. The Honourable the Finance Member said that he would be a very happy man if he got 20 crores from the capital tax. I wish him all happiness because I am convinced that he will get 20 crores out of that capital tax. If that is so, is it not very proper that something may be done with regard to this amendment? Sir, I support it.

Chaudhri Sri Chand (Nominated Non-Official) [The Honourable Member spoke in Hindustani. For Hindustani text see Appendix to the Debates for the 28th March 1947. English translation given below.—*Ed of D*] Sir, if I knew that the Honourable the Finance Member will not agree to the amendment I would not have spoken but I supposed that it was an agreed amendment and he will accept it. In fact, I have come forward to speak against the amendment on the basis of the principle of taxation that is, the principle on which the tax in our country is levied. This principle is that after deducting the expenses if Rs. 2,500 is saved no tax is levied. But, the tax levied on the cultivators in the whole country.

Mr. President: I believe under the Income-tax Act agricultural income is exempt. That is what I wanted to invite the Honourable Members' attention to.

Chaudhri Sri Chand: I know that agricultural income is not taxed. I am, however, explaining the method current in the whole country. Even a smallest piece of land, whether it yields any income or not, whether there is famine, whether the harvest is destroyed by sleet, is taxable. Irrespective of the expenses he has incurred and the loss he has suffered the cultivator has to pay the *lagan*. If that is the principle of taxation I don't see any reason why the man who saves Rs. 2,500 after expenses should not be taxed. Now it is being discussed that this minimum of Rs. 2,500 should be raised to Rs. 3,000. In other words after deducting all the expenses if Rs. 3,000 is saved, it should also not be taxed. I had referred to the fact that a cultivator of tobacco is taxed irrespective of his expenses, etc.

Pundit Thakur Das Bhargava: I should like to know under what law the expenditure is exempted?

Chaudhri Sri Chand: I know only of *Vakils*. Expenditure on their *Munshis* and their officers then stationery is taken out and the balance is taxed. Then take a *Bania's* case. His expenses on his shop, on his servants, on his *munim* and on his sweeper are deducted and if the balance is Rs. 2,500 it is also exempted from tax.

I should say that the income tax law in this country is to tax the cultivator

[Chaudhri Sri Chand]

no matter if he has a pice left or has suffered a loss. When this is so, why are not those who are richer than these people taxed, why are their expenses deducted before their incomes are taxed? If this method is to be adopted I will be very glad. In the case of a cultivator it should be ascertained how much he spent on wages, what income he earned and what amount he saved. If after these inquiries he has saved an anna you are free to tax him for that. But, no justice is done here. The wealthy people made a compromise and they reduced the tax from 25 per cent to 16½ per cent. Then they made a compromise with the middle class people and raised the minimum from Rs 2,500 to Rs 3,000 and then if anybody else came he was also compromised. But, these poor people pay first the *lagan* for the land and then tax on tobacco. If it was an intoxicant.

Mr. President: The Honourable Member may not speak very long as the amendment is not going to be accepted by the Honourable the Finance Member.

Chaudhri Sri Chand: Then I need not speak, thank you very much.

Dr. Zia Uddin Ahmad: Sir, I had no intention to make a speech, but I am just going to request the Honourable the Finance Member to show some mercy to the poor people which he himself promised. He said the other day that he wanted that the poorer people should rise up and the upper class people may come down slightly to meet at some intermediate level. This is really a principle which I would like to advocate. I do not believe in some of the arguments which have been advanced from one quarter about this. At the same time, there are three arguments which I would like to advance.

In the first place, the minimum income which was exempt from Incometax during the last 25 years was Rs 1,000. At no time the income tax level was less than Rs 1,000. Now, the income of Rs 1,000 in previous years is equivalent to Rs 3,000 at the present moment because the price index at present is over 300. Therefore, Rs 3,000 of 1947 are practically equivalent to Rs 1,000 of the previous years. Increasing the incometax level is really bringing the incometax level to the lowest pitch which has ever been accepted by his predecessor in the past. My request is that the level should be fixed at Rs 3,000. That should be the minimum figure. In these days, as the value of Rs 3,000 is only Rs 1,000. The price index has gone up to 300. As I see no chance of diminution in prices, because all the steps we have now been taking will tend to increase the price level. By accepting Rs 3,000 at the present time you are really fixing Rs 1,000 for a pre-war year. The next argument is that the Honourable the Finance Member has already accepted the principle of giving dearness allowance. You give dearness allowance with one hand and take it away in the shape of income-tax with the other hand. It may be that the Finance Member may feel that it will not be possible to exempt dearness allowance from incometax altogether. The only alternative is to raise the incometax level to Rs 3,000. These low income people suffer in silence, they cannot strike, they suffer utmost privations and enormous difficulties and then if you take away even the few rupees from the dearness allowance it is most unfair. Therefore in the case of people whom you are showing special mercy by way of dearness allowance, it is but right that you should exempt them from incometax. The next reason for my urging the raising of incometax level is this. Sir John Sheehy may plead that this will diminish the income of Government. This will probably reduce the income by 50 lakhs. The cost of collection of this incometax will be five lakhs, so the real reduction in income will be only 45 lakhs. But this can be made up in other ways. I will suggest one. Your incometax officers who are at present engaged in collecting the tax on smaller incomes might be released for catching the tax dodgers. They will be free to catch the big fish who are now evading taxes. In this way, though the Government might lose on paper 45 lakhs if the incometax level is raised to Rs 3,000 but the loss can be made up by catching the big fishes which I estimate to yield more than two crores. I am sure Sir John Sheehy will be able to calculate and

arrive at the correct figure. I request you to relieve the incometax officers from running after the small fishes and get hold of the bigger ones. If you lost 45 lakhs you will be able to get two crores. At present they are concentrating on small fishes which is a huge financial loss. Besides the mathematical argument, the concession will do social justice to the poor suffering people. The Honourable Member himself admitted that there are social inequalities and so he is going to give special dearness allowance to meet high cost of living. With these words, I beseech the Honourable Member to accept this suggestion that we have made from this side of the House.

Mr. Muhammad Nauman (Patna and Chota Nagpur cum Orissa. Muslim. Madani). Sir, while every one has appreciated the raising of the incometax level to Rs. 2,500, the minimum limit of taxation, I certainly feel that the raising up of this minimum to Rs. 3,000 will be a great relief and this will be conceded all over the country. My Honourable friend Dr. Zia Uddin Ahmad has just now proved that in relation to index prices the value of Rs. 3,000 is not more than Rs. 1,000 of the old days and as such the buying capacity has shrunk to that extent. A man who is earning Rs. 3,000 today is not at all in a better position than the man who had only about Rs. 1,000 in previous years in the old days. Now, Sir, I am not in a position to assess the financial implications of the proposal to raise the tax level to Rs. 3,000. It may be in the neighbourhood of 40 to 50 lakhs. I am glad my friends from the Congress party have appreciated this point of view. At the same time, they have got to concede that this money should be found somehow to fill the gap. Money has got to be obtained from the big fishes as Dr. Zia Uddin Ahmad said. If we ask the Finance Member to give relief to one class of people, it must be at the cost of some other people. As my Honourable friend Mr. Gadgil said the other day the capitalists should be told that their income should be zero at a certain stage. A man will be left with a certain amount of income and beyond that all income should belong to the State. Unless this programme is conceded, it will not be possible for anybody to help the poor. The Congress cannot blow hot and cold and say on the one hand we should not tax the big capitalists and at the same time give relief here and there to the small man. I need not dwell on the different implications as they were clearly explained by the Finance Member yesterday, the difficulties in which he finds himself that a certain section of the House wants to safeguard that interest also and at the same time asks for relief for those who really deserve relief. Sir, I support the proposal for raising the limit to Rs. 3,000.

Mr. S. Guruswami: Sir, in supporting these two amendments I should like to stress that the basic idea behind these two amendments is that Rs. 250 per month is not a luxury wage and what is granted as dearness allowance is not salary but should be treated as compensatory allowance. Dearness allowance does not constitute part of wages for the purpose of pension or gratuity. Ordinarily if employees save by a contribution to an insurance institution the same amount is allowed as exemption for the purpose of income-tax. In regard to those whose family difficulties do not place them in that advantageous position of being in a position to contribute to an insurance fund, if they are members of a provident fund institution or any similar institution they should be exempted and given similar concessions. And what we have asked for is only this that Rs. 50 a month should be treated as additional for the exempting factor. What my friends who have supported this amendment have said is an eminently good argument which I hope the Finance Member who has displayed so much reasonableness will be prepared to accept. But I should like to point out that yesterday in his speech he said that in England the average wage was somewhere Rs. 250 and Rs. 280 per month. He should not consider that if that wage has been reached in this country it should be discouraged by taxation. There was a point that the money which would have to be an additional burden on the exchequer should be found out elsewhere. My Honourable friend Mr. Griffiths pointed out yesterday that the budget has been underestimated and he

[Mr S Guruswami]
need not be at great pains to balance the budget. It is not considered an orthodox thing to balance the budget nowadays. Therefore whatever may be the additional financial commitment that may come as a result of accepting these two amendments I would urge on the Finance Member to accept them without hesitation in recognition of difficulties of that class of people who constitute the middle classes and who at the time of their retirement or at the time when they get this wage are in such difficulties that they are not able to face an additional burden. I again request the Finance Member to reconsider the position and accept these amendments.

The Honourable Mr. Lasquat Ali Khan: Sir, let me assure the House at the very outset that I have every sympathy with the object of the amendments. When I was preparing the budget I was mindful of the feeling that exists in this House that with regard to lower incomes there should be some relief. I know that for some years in the past when I have been a member of the opposition every time this demand has been put forward by the non-official Members that the limit of income-tax exemption should be raised. Now, Sir, being a straightforward individual I did not start with the idea of bargaining. On my own I raised the limit from Rs. 2,000 to Rs. 2,500, taking everything into consideration, and I can assure Honourable Members that if it were possible for me to raise it to Rs. 3,000 I would have done so at the very outset and would not have waited for any appeals for mercy or otherwise from Honourable Members.

My Honourable friend Dr Zia Uddin who is as a rule mathematically accurate and factually accurate has stated that if this limit was raised, instead of there being a loss to the State in its revenues there would be a gain, and he gave certain figures and said, "Five lakhs you will spend on collection of these 40 or 45 lakhs, all your officers will be relieved of this duty and you will be able to have your assessments more efficiently done in the case of other assesses." But my Honourable friend forgot that there is hardly any expenditure that is incurred by the department in the collection of this tax because most of the people are salaried people and the tax is deducted at the source. Therefore there is no saving to the State and there would be a net loss if these amendments were accepted.

Sir, I am in a very difficult position. I have every sympathy for those for whom this limit is proposed to be raised. But at the same time I have great responsibility as well to see that the finances of the country are managed in the best possible manner. My Honourable friend Mr. Mannu Subedar has again harped on his estimate that we will get 20 crores from the Capital Gains Tax. If that forecast turns out to be correct and if I am still Finance Member I shall be glad to make this concession next year but I am sorry I cannot do it this year.

Sri N. Narayan Murthi: Sir, I beg leave of the House to withdraw my amendment.

Mr. N. M. Joshi: Sir, the House will not give him leave to withdraw the amendment.

Mr. President: Has the Honourable Member leave of the House to withdraw his amendment?

(Some Honourable Members objected.)

Mr. President: The question is

That in Part (1) of the Proviso to Part I-A of the Schedule, for the figures '2,500' the figures '3,000' be substituted."

The Assembly divided.

AYES—6.

Guruswami, Mr. S.
Jehangir, Sir Cowasjee
Joshi, Mr. N. M.

Kara, Miss Maniben
Mangal Singh, Sardar.
Solanki, Dr. P. G.

NOES—47.

Abdul Hamid Shah, Maulvi
 Abdullah, Hafiz Mohammad
 Ali Asghar Khan, Mr
 Ayeis, Mr C W
 Gangaraju, Sri V
 Ghazanfarulla, Hafiz M
 Gokhale, Mr B K
 Griffiths, Mr P J
 Gwilt, Mr Leslie
 Habibur Rahman, Mr
 Hailey, Capt G T B
 Huttel, Mr M A F
 Isahq Seth, Abdus Sattar Haji.
 Ismail Khan, Hajee Chowdhury Mohammad
 Ismail Khan, Mr Muhammad
 Jagjivan Ram, The Honourable Shri
 Jamal Moideen Saib, Mr M J
 Jeelani, Makhdum Al Haj Syed Sher Shah
 Kharegat, Sir Pheroze
 Lal, Mr Shavaz A
 Lawson, Mr C P
 Liaquat Ali Khan, The Honourable Mr
 Mahapatra, Sri Bhagirathi
 Manu Subedar, Mr

Mukut Bihari Lal Bhargava, Pandit
 Nairang, Syed Ghulam Bhik
 Nauman, Mr Munammad
 Nazimuddin, Khwaja
 Oimiston, Mr J F
 Patel, The Honourable Sardar Vallabhbhai
 Panjabi, Mr K L
 Rangachari, Mr M V
 Salve, Mr P K
 Sheehy, Sir John
 Siddiq Ali Khan, Mr
 Siddiquee, Shaikh Rafiuddin Ahmad
 Sinha, Shri Satya Narayan
 Sri Chand, Chaudhri
 Surjit Singh Majithia, Sardar
 Thakur Das Bhargava, Pandit
 Tyson, Mr Geoffrey V
 Vadilal Lallubhai, Mr
 Yamin Khan, Khan Muhammad
 Yusuf Abdoola Haroon, Seth
 Zafar Ali Khan, Maulana
 Zia Uddin Ahmad, Dr
 Zuberi, Mr Masarrat Hussain

The motion was negatived

Sjt. B. S. Hiray: I beg leave of the House to withdraw the amendments (Nos 12 and 13 on the consolidated list)

The amendments were by leave of the Assembly, withdrawn

Mr. President: The question is

"That in part (i) of the Proviso to part I A of the Schedule, after the figure "2,500", the following be added, namely

'exclusive of dearness or any other allowance granted as compensation for increased cost of living'

The motion was negatived

Mr. President: The next amendments will be Nos 15 and 16. No 15 is in the name of Mr Gole and is identical with Sir Cowasjee Jehangir's No 16. I find that Nos 6, 7 and 8 in the Supplementary List No. 1 are also the same

Mr. P. J. Griffiths: No 6 is the same, but No 8 is different. 7 and 8 are slightly different, but we do not propose to move No 7

Sir Cowasjee Jehangir: Sir, I move

"That for Part II-A of the Schedule to the Bill, the following be substituted, namely
 'A—In the case of every individual, Hindu undivided family, unregistered firm and other association of persons, not being a case to which any other paragraph of this Part applies—

	Rate, if income wholly earned	Rate, if income wholly unearned
1. On the first Rs 25,000 of total income.	Nil	Nil
2. On the next Rs 10,000 of total income.	Two annas in the rupee.	Three annas in the rupee.
3. On the next Rs 10,000 of total income.	Three annas in the rupee.	Four annas in the rupee.
4. On the next Rs 15,000 of total income.	Four annas in the rupee.	Five annas in the rupee.

[Sir Cowasjee Jehangir]

	Rate, if income wholly earned	Rate, if income wholly unearned
5 On the next Rs 20,000 of total income	Five annas in the rupee	Six annas in the rupee
6 On the next Rs 30,000 of total income	Six annas in the rupee	Seven annas in the rupee.
7 On the next Rs 40,000 of total income.	Seven annas in the rupee	Eight annas in the rupee.
8 On the next Rs 50,000 of total income	Eight annas in the rupee	Nine annas in the rupee.
9 On the next Rs 50,000 of total income	Nine annas in the rupee	Nine and a half annas in the rupee
10 On the next Rs 1,00,000 of total income	Nine and a half annas in the rupee	Ten annas in the rupee
11 On the next Rs 1,50,000 of total income	Ten annas in the rupee	Ten and a half annas in the rupee
12 On the balance of total income	Ten and a half annas in the rupee	Ten and a half annas in the rupee

The Schedule is the same as in the Bill last year. If I say that I think Honourable Members will understand what the Schedule is. That is to say, I suggest and propose to the House that no change be made in the Schedule this year.

Now, Sir, while moving the Budget, the Honourable the Finance Member had very little to say about this very radical suggestion he had to make in the Finance Bill. So far as I recollect, he merely stated that he felt that the time had arrived when the highest slab which attracts 0-15-6 in the rupee as super-tax should be lowered to Rs 1,20,000. Beyond saying that, he said nothing more. Now, Sir, we have therefore to rely on the arguments he put forward in replying to the debate on the Finance Bill yesterday. He tried to show that in the lower slabs the taxation in India was lower than in England. That may be so. But he did not tell the House that even in the lower slabs he had put it up as compared to last year. I find that so far from Rs 30,000 to Rs 35,000 the super-tax goes up by half an anna. For the first Rs 25,000 it is nil. For the next Rs 30,000 it was three annas last year. It is three annas this year also. For the next Rs 5,000, i.e., Rs 35,000 it was three annas last year but it is three and a half annas this year. Therefore, without going into further details, I desire to point out that even in the lower slabs, the super-tax has been put up. Now what are the arguments for making so drastic a change?

Mr. President: If I may interrupt the Honourable Member at this stage. He may also have his say on amendment No 8 in the supplementary list—Mr Griffith's amendment.

Sir Cowasjee Jehangir: I will not speak on that.

Mr. President: If he wishes to make any remarks he may do so.

Sir Cowasjee Jehangir: I realise that I was trying to explain what the Finance Member has done and what are the consequences. He has made the highest slab Rs 1,20,000. I do not know whether every Honourable Member exactly understands what that means. It means that from Rs 25,000 up to Rs 1,20,000 the tax has been gradually increased. After Rs 1,20,000, the individual will practically get no more for any increased income except Rs. 8,000 for every additional Rs 1,00,000 of income. That means to say that anybody having a personal income of more than Rs 1,20,000 will only get about

Rs. 44,000 a year to spend for himself, which is equal to Rs. 3,660 p.m. Now we are talking of people who are accustomed to live a certain standard of life and I believe there are many in this Honourable House who live that standard of life including my honourable friend the Finance Member. Now Sir, all that a man will get from his personal income is as I have said practically Rs. 3,660 a month. His income may be Rs. 10 or 12 lakhs. For every additional lakh after Rs. 1,20,000 he will get Rs. 3,000 a year. That is the position as suggested by the Honourable the Finance Member. When I pointed out that in England the highest slab was Rs. 20,000 or somewhere near Rs. 3,00,000 I was waiting to hear the Honourable the Finance Member's explanation for this change.

The Honourable Mr. Liaquat Ali Khan: I did give it.

Sir Cowasjee Jehangir: The explanation he gave was that the cost of living in England was higher than the cost of living in this country. Now Sir, we have got to compare the cost of living in England with the cost of living in this country by men and women with incomes of Rs. 1,20,000 and not under. And I venture to suggest that the Honourable the Finance Member's information is wrong that his facts are wrong that it costs less in England for a standard of life for men and women above Rs. 1,20,000 income. It costs less in England to live on the same standard of life as in this country. Perhaps my honourable friend's experience is different from mine. When he was in England he may have lived as a Nawabzada and his experience is therefore based on a wrong hypothesis. My experience is, and it will be confirmed I hope, by men who have lived many years in England and have spent their lives in this country, that it is more expensive to live here in India the same standard of life as in England in the case of people in a particular status of life. I will give you the reasons. In India a man has to keep a number of servants. In England it is not necessary. In India people who live like yourselves and who live like the Finance Member and among those whom I see around me keep a number of servants. Leaving aside the question of having servants today, let us take the post-war period they would not keep, shall I say one-fifth or one-sixth of the number in England as they keep in India.

Mr. P. J. Griffiths: They cannot get them!

Sir Cowasjee Jehangir: But I am talking of pre-war days. Take a man living that standard of living, he does not keep a motor car in England. There is the tube, the bus and if he does want to go quicker than these ways of transport he takes a taxi.

Mr. P. J. Griffiths: Much cheaper than Delhi taxis!

Sir Cowasjee Jehangir: Much cheaper than Delhi taxis. Therefore this contention that for people having an income of Rs. 1,20,000 it is cheaper to live in India than in England is completely wrong.

Prof. N. G. Ranga: Not so!

Sir Cowasjee Jehangir: And it will be borne out by anybody who has lived in both countries in that state of comfort.

Mr. Manu Subedar: May I raise a point of order. I find in the amendment that my Honourable friend is moving that it says "that for Part II-A of the Schedule in the Bill the following be substituted." But I find that what he gives as substitution is exactly what is in the Bill. In other words, with all my sympathy for my Honourable friend, I find that in the printed schedule the amendment moved by my friend is the same as in the Bill.

Mr. P. J. Griffiths: No, no.

Khan Mohammad Yamin Khan (Agra Division, Muhammadan Rural). The jumps are by 10,000 instead of Rs. 5,000 as it is in the original Bill.

Sir Cowasjee Jehangir: I have said before and it is a fact that my schedule is the same as the schedule in the last year's Bill. I have not read it out and I hope the President will excuse me. I hope that answers my friend Mr. Manu Subedar's point of order.

Mr. President: Perhaps Mr. Manu Subedar has in his hands only the printed list of amendments and not the Bill as well

Mr. Manu Subedar: I have both. I now see the point. The jump in the original Bill was Rs 5,000, whereas my friend wants to restore it to what it was in last year's Bill

Sir Cowasjee Jehangir: Mr. President, you will excuse this short waste of time

If that is the only argument that my Honourable friend the Finance Member can bring forward in this House for taxing the people of this country far higher than they are taxed in a country which is the most highly taxed country in the world, I say he has no arguments. If he wants to tax let him not bring forward these arguments. He also said—I fully relished the little story that he gave yesterday—at the end of that story that I had complained that a certain class of people had to live on their capital. Suppose I did complain of that, was I not justified in complaining? Is there anything wrong in complaining that you are being forced to live upon your capital? I should have thought that it was a very good argument to place before the House that no man should be forced to live on his capital. That is exactly what my Honourable friend is doing.

Let us examine what damage to the country this taxation will do. It is perfectly clear that for rich men this taxation is killing, that they have to live on their capital and if they have got to live on their capital, how can they spare any money for investing in further industrialisation, how can they spare any money out of their present income for the advancement of the trade and commerce of the country? It is admitted that they have to live on their capital. Does my Honourable friend contend that it will not do any damage to the industry and commerce of this country as they stand today? I do not know what will Government's policy be in the near or far future about nationalisation. I am not touching on that question. As industry stands today, they cannot thrive, they cannot enlarge their scope unless you allow a certain amount of money to people to be spared for such industries. It is true that the Honourable Member has reduced the tax on companies from what it was in his original proposals and I do not propose to discuss these measures till we come to them. But the fact remains that when dividends are paid by companies, they go to the individuals and if you take every pie that the individual has got by way of taxation, how can there be any flow back to industries from the income of individuals? I think my Honourable friend if he does not consider that point today, will have to consider it in the future and to tell us that he still believes that Indians are capable of

4 P M greater taxation than Englishmen with all their wealth with all their industrial power with all their initiative and their man power, is something which I absolutely and completely refuse to admit. We are not capable of the same taxation. It will ruin this country, as things stand today, if you tax the individual to the very last pie. Of course there is no tax on agricultural income and it will be there so long as agricultural income is what it is today. But industrial income disappears by one stroke of the pen. That is the result of this taxation.

So, I read in the papers only today that the very distinguished leader of the party to which my Honourable friend the Finance Member belongs spoke before a commercial body only yesterday, in which he said to his community that they should go in for industry, for trade and commerce. He suggested that it was their duty to follow in the footsteps of the Tatas. That is what I read in the papers today but his right hand man in the Assembly does all he can to thrust his knife into the heart of industry, commerce and trade. When I say this, Mr. President let me not be misunderstood. I am not against the tax on companies as now suggested by the Finance Member. I agree that war profits should to a certain extent go back to the State. I am not even against profits being made out of circumstances over which a man has no control being taxed, but after proper investigation. I am in agreement with the dictum that the State should

share in such profits. But if they are to continue to share in such profits, then you will kill the goose that lays the golden egg and that is exactly what my Honourable friend is doing in this particular case. This is a completely unjustifiable tax and I hope and pray that my Honourable friend will consider twice before he does this great injustice not only to some individuals but a greater injustice to the industrial development of this country as it stands today. My Honourable friend can in time nationalise all the industries of the country, when all the industries of the country will be run by Government at a tremendous loss to the taxpayer. (An Honourable Member: God help us.) I echo that sentiment—then I have no objection to his doing anything to tax those who are not concerned with industry and who do not engage in industry and trade but until such time comes the steps taken by him will hinder—as I said before and I repeat it again with the fullest sense of responsibility—will hinder the expansion of trade and industry and that is the last thing we want in this country today. We want more production, more and more production and this Budget is not going to help that.

Mr. President: I do not want to take more time than is necessary. I would emphasise again what has been said so often that it is not one tax or another but it is the cumulative effect of all this direct taxation that is going to do damage. As has been said by myself and repeated by Mr. Mannu Subedar, when direct taxation was raised in this country by Rs. 11 crores there were many in this country who doubted the advisability of such rise because the country is an infant today in industry. When the Honourable Member raised it to Rs. 36 crores did it not strike him that this enormous rise in direct taxation must do some damage somewhere? When he was asked what had he to reply? To my surprise he said that previous Finance Members of this Government were supporters of the capitalist system. What is he a supporter of, God knows.

The Honourable Mr. Laaquat Ali Khan: Of capitalist destruction.

Sir Cowasjee Jehangir: Is that true? Is that coming from the bottom of his heart? I know it does not. What he means to say is this that Finance Members of the past, when they judged what this country could bear in the way of direct taxation, had their eye on the industry and commerce of this country but my honourable friend is blind to that; he wants to smash them. Is that the conclusion we are to draw when he says that previous Finance Members of this country only looked towards capitalists and not anybody else? And if he is to look towards everybody else except the industries and trade of this country, I ask him and I ask every Honourable Member of this House whether he is doing a service to this country? No. The Honourable Member is a great personal friend of mine and no difference of opinion expressed in this House will come between our friendship. About that I am certain. But I hope and trust that he will apply his great brain and mind to this question. I have no doubt about the capacity of his brain and his mind when I look at the size of his head. I hope he will apply that intellect and that mind better than he has done in his first Finance Bill.

My Honourable friend repudiated the statement that this was a poor man's budget. He equally repudiated the statement of other people who called it a socialist budget. He said 'you say so, I do not.' Then what is this Budget? He repudiated it being a capitalist budget, he repudiated it being a socialist budget, and he repudiated the fact that this was a poor man's budget. Then what on earth is this Budget? Coming down to brass tacks I am going to make an appeal to him. Even at this last moment let him accept even a compromise, and he will be doing a service to the country. He won't be doing a service to a few individuals as they can live on their capital. You have to keep in the background the biggest interests of this country which means the best interests of the working classes of this country. By putting back the hands of the clock of industry and commerce you are depriving hundreds of thousands of their daily wage. That will come.

[Sh Cowasjee Jehangir]

I am not going into the further argument of the threat of deflation that was made in this House by Dr Matthai. I will deal with that perhaps on another occasion. But the time will come when labour will not get enough work if such a policy as is put forward by the Honourable Member in this budget is carried any further. Let me repeat my point. I do not want to be misunderstood. I have no objection to companies being taxed from their war profits. I have no objection to the State sharing the profits of companies. But I have strong objection to any measure, any step that will hinder industry and commerce and will deprive the poor man of his wage and earning capacity—and that is what the Finance Member will do. I appeal to him to reconsider this matter from this point of view. I am certain that he is not going to do it today. I have got enough hints to that effect. But I suggest to him to think it over, not today, in the next month or two and let him see what are the consequences of his action. I feel confident that he has no intention of letting down this country. He has no intention of doing any harm to any community and to his own community. But let him remember also that although very few of his community may be affected as compared with the very large number of the people of the other communities, those few are the pioneers of trade and industry in his community today and he is hitting hard at them. He has knocked the bottom out of trade and industry of his own community.

Mr President: Amendment moved.

That for Part IVA of the Schedule the following be substituted, namely:

A. In the case of every individual Hindu undivided family, unregistered firm and other association of persons, not being a case to which any other paragraph of this Part applies—

	Rate of income wholly earned	Rate of income wholly unearned
1. On the first Rs. 25,000 of total income	Nil	Nil
2. On the next Rs. 10,000 of total income	Two annas in the rupee	Three annas in the rupee
3. On the next Rs. 10,000 of total income	Three annas in the rupee	Four annas in the rupee
4. On the next Rs. 15,000 of total income	Four annas in the rupee	Five annas in the rupee
5. On the next Rs. 20,000 of total income	Five annas in the rupee	Six annas in the rupee
6. On the next Rs. 30,000 of total income	Six annas in the rupee	Seven annas in the rupee
7. On the next Rs. 40,000 of total income	Seven annas in the rupee	Eight annas in the rupee
8. On the next Rs. 50,000 of total income	Eight annas in the rupee	Nine annas in the rupee
9. On the next Rs. 60,000 of total income	Nine annas in the rupee	Nine and a half annas in the rupee
10. On the next Rs. 1,00,000 of total income	Nine and a half annas in the rupee	Ten annas in the rupee
11. On the next Rs. 1,50,000 of total income	Ten annas in the rupee	Ten and a half annas in the rupee
12. On the balance of total income	Ten and a half annas in the rupee	Ten and a half annas in the rupee.

Mr. P. J. Griffiths: Sir, I beg to move

"That for Part II-A of the Schedule to the Bill, the following be substituted, namely—
 'A.—In the case of every individual, Hindu undivided family, unregistered firm and other association of persons not being a case to which paragraph B or paragraph C or paragraph D of this Part applies—

	Rate, if income wholly earned	Rate, if income wholly unearned
1. On the first Rs. 25,000 of total income	Nil	Nil
2. On the next Rs. 10,000 of total income	Two annas in the rupee	Three annas in the rupee
3. On the next Rs. 10,000 of total income	Three annas in the rupee	Three and a half annas in the rupee
4. On the next Rs. 15,000 of total income	Four annas in the rupee	Four annas in the rupee
5. On the next Rs. 20,000 of total income	Five annas in the rupee	Five annas in the rupee
6. On the next Rs. 30,000 of total income	Six annas in the rupee	Six annas in the rupee
7. On the next Rs. 40,000 of total income	Seven annas in the rupee	Seven annas in the rupee
8. On the next Rs. 50,000 of total income	Eight annas in the rupee	Eight annas in the rupee
9. On the next Rs. 50,000 of total income	Nine annas in the rupee	Nine annas in the rupee
10. On the next Rs. 1,00,000 of total income	Nine and a half annas in the rupee	Ten annas in the rupee
11. On the balance of total income	Ten and a half annas in the rupee	Ten and a half annas in the rupee

It is not my intention to make a detailed speech on this amendment. There are two reasons for my abstention. In the first place I expalmed at great length yesterday my reasons for regarding the proposed rates of super-tax as being unduly severe. This amendment after all is nothing more than an attempt to mitigate them seventy. In the second place I regard this as a very minor amendment which I feel sure my friend the Finance Member would experience no serious difficulty in accepting. I should perhaps explain that it represents a kind of half way house. In the scheme of last year the maximum rates for super-tax stood at a figure of Rs. 5 lakhs. In the present proposals the maximum rates reach Rs. 1½ lakhs in the case of earned income and Rs. 1 lakh 20 thousand in the case of unearned income. My amendment seeks to work up to a maximum at a rate of Rs. 3½ lakhs—somewhere about half way between the last year's figures and the proposals for the present year. I only want to submit this—having done that I shall resume my seat—that in these matters of taxation there is really no room for dogmatism although in the course of the debate we have to assert our point of view, that in reality they are matters of judgment. Nobody can say with mathematical accuracy that such and such rate of taxation is right and will do no harm or that such and such rate is wrong and will do harm.

[At this stage Mr. President vacated the chair which was then occupied by Mr. Deputy President (Khan Mohamad Yamin Khan).]

It is not a question of mathematical demonstration. When you have matters of judgment to deal with you must bear in mind the possibility that the other man's

[Mr P J Griffiths]

judgment may be right and that one's own judgment may be wrong. That is what I am trying to do. My judgment is that the rates in force last year were right and that the proposed rates this year are wrong but I do not claim to be infallible. I recognise that I may be wrong and my friend may be right. I hope similarly he will recognise that his judgment may be wrong and mine may be right. In a matter of this kind, a matter of judgment, where there is no abstract objective method of determining which is right and which is wrong, it is sometimes worth while to adopt a middle course. The object of my amendment is to make it possible for my friend even at this late date to adopt a middle course if he will do so. I believe he stands to lose nothing on a long term view by adopting a middle course of this nature. He will admittedly lose a certain amount of revenue but in losing that revenue he will gain beyond description in the support and the good will of those who will pay these taxes and those upon whom the development and the expansion of this country depends and I would suggest to him that in view of the very great volume of criticism of this Bill and of this particular tax criticism some of which he himself admits to be sincere and genuine it is worth his while undergoing some diminution of revenue in order to carry with him the opinion and support of those upon whom he depends for all his plans for the development of this great country. Sir, I am not out now to score a success on a debating point but I appeal to him, because I believe from the bottom of my heart that by a compromise of this kind he will be doing a service to this country. He will be mobilising behind all the progressive forces of the country. (Interruption) I said progressive and I don't find them only sitting on those benches over there. I find them sitting rather on this side of the House. He will mobilise all the progressive forces of this country in the attempt which he is determined to make to turn the wheels of industry faster. I do ask him to show the same spirit of understanding and reasonableness in dealing with this matter which he has shown right through these taxation discussions. I must say this. During the 12 years that I have been concerned with the affairs of this House I have never known a Finance Minister adopt a more reasonable attitude than has been taken by Mr Liaquat Ali Khan with regard to the Business Profits Tax and the Capital Gains Tax. He has not taken the line that has often been taken by his predecessors of saying "These are my proposals. Take them or leave them." He has shown himself open to conviction. I believe he himself believes that a compromise on this issue is worthwhile because that compromise will enable this Bill to go through with the support and the willing consent of those from whom the tax will be raised. I do therefore appeal to him even at this last minute to consider the possibility of accepting an amendment which is frankly a compromise between what we wanted and what he wants. Sir I move.

Mr. Deputy President: Amendment moved

That for Part II A of the Schedule to the Bill the following be substituted, namely—
 'A—In the case of every individual Hindu undivided family unaggregated firm and other association of persons not being a case to which paragraph B or paragraph C or paragraph D of this Part applies—

	Rate, if income wholly earned	Rate, if income wholly unearned
1 On the first Rs. 25,000 of total income,	Nil	Nil
2 On the next Rs. 10,000 of total income	Two annas in the rupee	Three annas in the rupee,
3 On the next Rs. 10,000 of total income,	Three annas in the rupee	Three and a half annas in the rupee

	Rate, if income wholly earned	Rate, if income wholly unearned
4 On the next Rs. 15,000 of total income	Four annas in the rupee.	Four annas in the rupee.
5. On the next Rs. 20,000 of total income	Five annas in the rupee	Five annas in the rupee
6. On the next Rs. 30,000 of total income	Six annas in the rupee	Six annas in the rupee
7 On the next Rs. 40,000 of total income	Seven annas in the rupee	Seven annas in the rupee
8 On the next Rs. 50,000 of total income	Eight annas in the rupee	Eight annas in the rupee
9 On the next Rs. 60,000 of total income	Nine annas in the rupee	Nine annas in the rupee
10 On the next Rs. 1,00,000 of total income	Nine and a half annas in the rupee	Ten annas in the rupee
11 On the balance of total income	Ten and a half annas in the rupee	Ten and a half annas in the rupee

Mr. Vadilal Lalubhai (Ahmedabad Millowners' Association Indian Committee) I have said on several occasions that the worst part of the budget proposals is the supertax slab. I have also said that the Capital Gains tax and the Business Profits Tax taken individually are not very harmful but the cumulative effect of all these is going to be disastrous to the industries. The Honourable the Finance Member referred yesterday to the speech of Sir H. P. Mody who represented my constituency in years past. I do not know what he said (The Honourable Mr. Liaquat Ali Khan: I did not say that.) It is the Khawaja Sahib who said it. But I do know and the House knows what I have said in my speech and what I have said in my statements. The difficulty has been that the two Bills went to the Select Committee. I feel that the Finance Bill also ought to have gone to the Select Committee. There are precedents when Finance Bills have gone to the Select Committee. Those two Bills went to the Select Committee and not this one. Tremendous issues have been raised by those two Bills and this Bill was side tracked and that is why the Leaders of the parties coming to a compromise did not have the full views of the country at large on this subject. My Honourable friend the Finance Member said yesterday that Rs. 60,000 in India was better than £20,000 in England and that he had been generous to the industrialists. I would wish him to see the effects of these taxes which he is placing on industry. It is not a question of arguing. It is a question of finding out what will be the effect on industries. He said that the future will show but we cannot have a leap in the dark. We as sane men have got to consider and calculate things as to what the results will be. It is possible we may be mistaken. On a former occasion last year I had to sound a note of warning and that was about the Factory Act. I said to the House that as a textile man I know the difficulties and I can tell you that if you don't listen to my advice and the advice of the Central Government itself who wanted to grant some exemption, the results are going to be disastrous and the results have proved to be disastrous. The Central Government wanted to give the exemption but the Provincial Governments dared not do anything and they did not want to take the responsibility. I would remind the Honourable the Finance Member that this supertax slab is going to be disastrous to the country and the next 12 months will show the bad effects. However I would not

[Mr. Vadilal Lallubhai] like the country to see the bad effects of that. I would wish he would reconsider the matter. If he wants finance, he should have it in a scientific way that would not harm Indian industries and will not harm the prospects of industrialisation. The industrialisation that is coming about, according to me, is a drop in the ocean and I feel that even that drop may dry out. The matter is very simple. I would not dilate on it any more. If he wants money there are various ways of having money from industry and if he would listen to me I would suggest to him one method. He has raised the Corporation tax from one anna to two annas. He expects 4 crores out of this this year and with the increase now proposed he expects to get 9 crores with arrears of 5 crores. A quarter of an anna increase will give 2½ crores and a half anna increase will give him 1½ crores. If that is so, why does he want the money in this fashion which will harm industry? I would request him and I would urge upon him to reconsider the matter. If he wants to have money, let him do it in the way I have suggested. Sir, yesterday there was lot of talk about social objectives. The Finance Member should consider whether these social objectives would be served by an increase in the super-tax or whether they will be harmed. It was Khwaja Sahib yesterday who talked about Jai Prakash Narain and P. C. Joshi, who are socialists and communists. I know that the socialists and the communists are for the industrialisation of the country to a very great extent and they want to go to the whole hog with the industrialisation of the country. They want to raise the standard of living of the people and they want full employment. If full employment has to be obtained, industries have got to be started. They feel that if industries are not developed, employment will be lowered and full employment will not be achieved. I am sure the country will support the Congress because it has done the right thing as they are afraid the Indian industry will suffer. They are not having a leap in the dark and we ought not to have a leap in the dark also. I would, therefore, urge upon the Finance Member that he should go to the world as the builder of industries, the builder of employment and the achiever of full employment. And if he wants money let him have it but he should have it in the right and scientific way. I hope he will listen to these words and accept this amendment.

Lala Deshbandhu Gupta (Delhi General) [The Honourable Member spoke in Hindustani. For Hindustani text see Appendix to the Debates for the 28th March 1947. English translation given below—*Ed. of D.*]

Sir, I corroborate what my learned friend Mr. Vadilal Lallubhai has said but my grounds are quite different. I think nobody understands better than the Honourable the Finance Member that so far as the persons from whose pockets the money is intended to be drawn are concerned they happen to be so clever that they will find a way to escape the payment of taxes in spite of all the efforts and restrictions that the Finance Member intends to impose. Sir, I think the worst repercussion of the war in this country is the growth of corruption. It has so permeated the land that the country cannot be saved from it even at the cost of crores and crores of rupees. This tax will aid in the increase of corruption and those people will find methods to escape payment of the tax. I therefore appeal to the Finance Member, that if for no other reason, at least for the reason that the imposition of the tax will aid in increasing corruption and may be the Finance Member may not collect as much money as he expects, he will sympathetically consider the amendment proposed by Mr. Vadilal.

Sir, I want to place another reason before the House for not levying this tax. For the last 150 years our country has been under the sway of foreigners. During this period many constructive, educational and charitable institutions have been started by public contribution. One great harm that this tax will cause will be that crores of rupees which are now spent on charity, on education or hospitals and on other public works will be stopped. The fixation of the limit

of Rs. 120,000 means that it would be difficult to draw money out of the pockets of those people who come under its operation. This means that the tax is not levied on those people but on those institutions which were carried on by money paid by them. Such people who earn money give crores of rupees for charities, as for example Messrs. Tata Company pay untold money to charity funds. They should not be therefore taxed. There are hundred of instances where they pay money. This tax will dry the sources of charity. Just as the Capital Gain Tax Bill and Business Profits Tax Bill have been amended so this Bill should also be sympathetically considered. If nothing else, at least the amendment proposed by my Honourable friend Mr. Griffiths should be accepted so that corruption may not prosper and doors to charity may not close.

Mr. B. P. Jhunjhunwala (Bhagilpur, Purna and the Sonthal Parganas Non-Muhammadan): Sir, I do not understand why the Honourable the Finance Member is so anxious to levy this tax when it has been pointed out in the House that it adversely hits the industry and production. The Honourable Finance Member has not had the imagination to help the industry which was so necessary at this juncture. The Honourable the Finance Member is now anxious to get the money, but if his Department had the slightest desire to realise the taxes which have already been imposed from all concerned the deficit could have been met and there would have been no necessity for imposing all these additional taxes. Instead of taking his department to task, he has brought a proposal for an investigation Committee which in my opinion will lead to corruption and result in victimising particular individuals without adding anything to the fund of the Exchequer.

Sir, I had tabled a question in November 1946 inquiring as to the number of Dollar and Sterling companies working in India and of such as had made larger profits in India than they had made abroad. Such companies are liable to super-tax. The answer to all these questions was not given at that time because, it was said, the answers could not be compiled. I was supplied with the answers only on the 14th of this month. From the answers it appears that there were 97 companies in 1943-44, 98 companies in 1944-45 and 84 companies in 1945-46 whose income has been higher in India than what it is in foreign countries. The other question which I had put was as to whether these companies were served with notices. The reply was in the affirmative. Then, I inquired whether these companies filed their returns. The reply was that in very few cases the returns were filed and the reason given for not filing the returns was that they had no list of the shareholders with them. My next question was whether any taxation was levied on persons who had filed the returns. The reply was that only in very few cases the returns were filed and the amount assessed came to Rs. 25 lakhs. My next question was whether any prosecution was launched against the persons who did not file the returns. The answer was that no prosecution was launched as the individuals concerned were outside the pale of the written Indian laws. So far as I know, according to the law as it stands, those persons on whom the income-tax notice is served are liable to be prosecuted and I do not understand why no prosecution was launched against these persons. The mere statement that they had no list of shareholders is not enough. All the companies here are getting out their balance-sheets and monthly profit and loss account and how is it that it was difficult for them to get the list of the shareholders? The Department concerned could not even write to them inquiring why they did not have the list of shareholders and why they could not get the same and then file the returns. I was submitting that 25 lakhs is taxed only in the case of a few companies. There were 97 companies in 1943-44 and 98 companies in 1944-45 and 84 companies in 1945-46. If they had filed returns I think Sir more than 10 to 15 crores would have been assessed and realised from them.

Mr. Deputy President: On which amendment is the Honourable Member speaking?

[Mr B P Jhunjhunwala]

Mr. B. P. Jhunjhunwala: I am speaking on the amendment of Sir Cowasjee Jehangir. I am trying to point out that it is most unfair on the part of the Honourable the Finance Member to retard the progress of the industry by this tax. If his department had been vigilant, he need not have levied this tax. If it is the objective of the Finance Member only to meet the deficit then his department could have taken care to realise all the taxes already imposed and this occasion to impose further taxes would not have arisen. With these words, I say the Honourable the Finance Member is not justified in putting up this tax because of the negligence of his department. I would request the Honourable Member to realise all those taxes before they are time-barred for which no investigation committee is necessary.

Prof. N. G. Ranga: I rise to oppose these two amendments. I wish to state that the Congress party does not stand by the argument or by the sentiments or even the objectives of these two amendments. Yesterday the professional advocate of capitalists was twitting me by saying that I had gone over to the side of the capitalists. I wish to tell him that he cannot very well claim me on his side. Nor can any Honourable friends here claim me on their side so far as capitalistic interest is concerned. I am a peasant, I am a socialist and I hope some day my friend will be so much dispossessed and shorn of his own capital that he may very well be glad to stand by my side as a peasant or as a proletariat of this country. We were also taunted for having once expressed our ideal of our keeping the maximum salary of any one at Rs. 500. In some provinces the congress ministers are getting a salary of Rs. 1,500 now. If we accept the argument of Dr Ziauddin Ahmad, this sum of Rs. 1,500 is equal to Rs. 500 previous to the war. The Executive Councillors get Rs. 6,000 odd. There has never been a complaint from my party or the Muslim league party that this is not at all enough. On the other hand the complaint is that it is too much. Now my Honourable friend the Finance Member is prepared to leave all these people in their possession and for their enjoyment nearly as much as Rs. 10,000.

Sir Cowasjee Jehangir: No. Only Rs. 3,000. Read the papers.

Prof. N. G. Ranga: I have read them. It is only if the income is one lakh, that the Finance Member threatens to take 15 annas in the rupee. Sir Cowasjee Jehangir is unhappy about it. Even if they were asked to live on their own capital then people whose income ranges round one lakh must surely have enormous capital on which they can live for 125 years. My Honourable friend went on coaxing the Finance Member to fall into his net and snare and he wanted this Bill also to go into the Select Committee. As I already pointed out owing to the inefficiency of the Finance department and C. B. R. these people have not given us proper estimates. If only the Finance Member had placed before us all India wide plan for industrial and agricultural development, it would have been possible for us to know how to raise taxes and which pockets are to be taxed. So far as this proposal is concerned, this money is more than enough for any one to have a jolly good time in this country unless they want to waste on the race course and other nefarious objects. One lakh is more than enough. There are only a few people getting more than one lakh. What about others who are not getting anything. One Member had the generosity to suggest increase of corporation tax by one anna more so that you can get 2½ crores. But who pays the corporation tax? One can be charitable with other people's money. It is the middle class people and the lower middle class people who pay this. The Honourable the Finance Member refused to give any accommodation to those people getting Rs. 2,500 per annum. Our suggestion was that it should be raised to Rs. 3,000. Therefore I am opposed to the amendment of Sir Cowasjee Jehangir.

Sgt. N. V. Gadgil: Sir, I have a spiritual reason for opposing this amendment. It is said in the Bible that it is easier for a camel to go through the eye of a needle than for a rich man to enter the kingdom of God. I am very anxious for the spiritual regeneration of my friends. It is much better that they are properly sized and they do not get more than what is absolutely necessary. The other economic reason is after all what is the implication of this tax and what are the consequences. The tax that is taken from the assessors comes to the Government treasury, it is only a transfer of spending power. I think the trouble is saved for the capitalist to know which investments are better, which will pay more and which are more full of profit. All that work will be done by Government. The capitalists will remain in peace, they will not have to look after anything and take so much trouble. I am reminded here of a Labour M.P. when he saw everybody getting up in the House of Commons and asking, well we have to pay 5 shillings in the pound and 9 shillings in the pound and so on, this M.P. got up and said give me that income I will pay the damned tax.

The Honourable Mr. Liaquat Ali Khan: Sir, the arguments that have been used and the criticisms that have been levelled against this particular question of slab are the same that I have been hearing for the last one month. The same arguments were advanced when we were discussing the general budget. Identically the same arguments were advanced then as have been advanced by Sir Cowasjee Jehangir today in spite of so many changes made in the B. P. T., and Capital Gains Tax.

Sir Cowasjee Jehangir: But this is the first time I had a chance to speak.

The Honourable Mr. Liaquat Ali Khan: I was then told by every one as I am told today that this tax will ruin the industry, it will stop production, it will throw thousands of people into unemployment, unfed and not looked after. If I levy a tax on industry production stops and the industrial life of the country is ruined. If it is a tax on unearned gains which people make not due to any effort on their part but due to a change in the conditions of the country, then I am ruining industry, I am destroying the economic life of India and it will really be a terrible catastrophe. If there is a proposal to levy a tax on individuals, those who have been and are enjoying a very large income the same argument is used that the industry will be ruined, production will be stopped, millions of labouring classes will be thrown out of work and the country will be in a chaotic state. I may point out to my Honourable friend Sir Cowasjee Jehangir and those who have supported him that the number of people whom this tax is going to affect is a thousand or so, and if the economic life of the country is going to be ruined because you are going to levy a higher tax on a thousand people then something is wrong with the economic life. And this is exactly what I said in my budget speech. It is the stranglehold of a few individuals on the economic, social and political life of this country which is the great danger that we have to guard against. I am repeatedly told that I am really ruining and destroying economic life. I say I am not destroying the economic life of India. If I succeed I will make the economic life of India free from the stranglehold of these few individuals. Is India going to be at the mercy of this handful of people for her industrial and commercial development or is she going to stand on her own legs for this development? Sir, this argument that is used every time that the tax that I propose is going to ruin industry stop production and throw thousands of people out of employment is one that has been invented by these few individuals who have been responsible for keeping a stranglehold over the economic life of this country.

Sir, I sympathise with my Honourable friend Mr. Jhunjhunwala. He did not know that this was not a tax on industry but on individuals, who have an income, from whatever source it may be, whether from salaries of house property or interest on capital, etc.

[Mr. Liaquat Ali Khan]

Now, Sir, another argument was advanced by my Honourable friend Mr. Gupta that this will dry up the source of charity. Sir, if India and the future of India and the betterment of conditions of the masses of people is going to depend on charity, it will take thousands of years before there can be any improvement. After all where will this money go? If it is not left with individuals it will go into the coffers of the State, and if there is a State worth its name, if there is a State which has got the well-being of the people at heart, its money, I can tell you, will be better spent than by these individuals in giving charities to a few institutions, some of which are ill managed.

Sir, my Honourable friend Sir Cowasjee Jehangir said that yesterday I compared the standard of living in England with the standard of living in India and I said that a man who has got Rs. 1,20,000 in India is better off than the one with an income of £20,000 in England. I still stick to that proposition.

Mr. P. J. Griffiths: That is not true.

The Honourable Mr. Liaquat Ali Khan: My Honourable friend says it is not true. Why do you get used to such great comforts in India which you cannot get in England?

Mr. P. J. Griffiths: Sir, may I know if my Honourable friend has had occasion to live in England during the last five years? If he has he would know that that statement is not true.

The Honourable Mr. Liaquat Ali Khan: I went to England only last December.

Mr. P. J. Griffiths: And is it cheaper than India or dearer?

The Honourable Mr. Liaquat Ali Khan: And I can tell you that if I had spent in England even twenty times more than what I spend here I would still be more uncomfortable there than here. Therefore I contend that life is certainly more expensive in England than it is here.

Mr. P. J. Griffiths: That is not true.

The Honourable Mr. Liaquat Ali Khan: Of course it is not true when you get a beauty to tie your shoe-lace. It is not true because here you want a palace to live in, you want a room to dress in, a room to sit in, a room to walk in, a room to eat in—although you may be a single individual. And in England you have to live in one room only. I say if you have to live there in the same conditions as you do in India life in India is a hundred times cheaper than in England. If my Honourable friend were living in a hotel here would he be paying the same as he would pay in a hotel in London? It would be ten times more than here.

Mr. P. J. Griffiths: Will my Honourable friend find me a hotel in Delhi where I can live at reasonable rates?

The Honourable Mr. Liaquat Ali Khan: If the rates at which my Honourable friend is living in Delhi hotels are not reasonable I do not know what he will say about the rates in England.

Mr. P. J. Griffiths: I have tried them.

(Interjection by Sir Cowasjee Jehangir)

The Honourable Mr. Liaquat Ali Khan: I am surprised, it cannot be ignorance on the part of my Honourable friends because both of them know England much better than I do. But I think in their desire to assert their argument in favour of their proposal they are overlooking facts as they are. What I submit is this: I have made my position clear on more than one occasion and I feel that the tax which is proposed in the Finance Bill under this particular section is one which to my mind is a fair tax. I am convinced that all this talk about industry being ruined and millions of people being thrown out of employment is nonsense.

and humbug in connection with the Business Profits Tax I was told that it will affect the poor middle classes, if you cut down the rate of dividends the poorer classes will suffer, if you cut out the rate of dividend the middle classes will not go in and invest. I was told at that time that this will affect the middle classes and the lower middle classes who save a few rupees and invest them in industry, and if you do all this the capital for industrialisation will dry up. To-day I am told that if you put this tax on a handful of people industry will die. All I can say is that if our industrial development is in such a precarious condition we have got to think of other means and not go back to what has been done all these years. It is my desire and it should be the desire of every one that industry should progress and production should increase, and I am not in the least convinced that on account of these proposals that I have put forward there will be any injurious effect on either production or industrial development of the country. Sir, I oppose the amendments.

Sir Cowasjee Jehangir Sir I beg leave of the House to withdraw my amendment in favour of the amendment of my Honourable friend Mr. Griffiths. I am a man of moderation and will be satisfied with half an apple if I cannot get the whole one.

The amendment was by leave of the Assembly withdrawn.

Mr. Deputy President: The question is—

That for Part II A of the Schedule to the Bill the following be substituted, namely—

A. In the case of a Hindu undivided family, unincorporated firm and other associations of persons not being a case to which paragraph (b) or (c) of sub-section (2) of section 10 of this Bill applies—

	Rate if income wholly earned	Rate if income wholly unearned
1 On the first Rs. 25,000 of total income	Nil	Nil
2 On the next Rs. 10,000 of total income	Two annas in the rupee	Three annas in the rupee
3 On the next Rs. 10,000 of total income	Four annas in the rupee	Three and a half annas in the rupee
4 On the next Rs. 15,000 of total income	Four annas in the rupee	Four annas in the rupee
5 On the next Rs. 20,000 of total income	Five annas in the rupee	Five annas in the rupee
6 On the next Rs. 30,000 of total income	Six annas in the rupee	Six annas in the rupee
7 On the next Rs. 40,000 of total income	Seven annas in the rupee	Seven annas in the rupee
8 On the next Rs. 50,000 of total income	Eight annas in the rupee	Eight annas in the rupee
9 On the next Rs. 50,000 of total income	Nine annas in the rupee	Nine annas in the rupee
10 On the next Rs. 1,00,000 of total income	Nine and a half annas in the rupee	Ten annas in the rupee
11 On the balance of total income	Ten and a half annas in the rupee	Ten and a half annas in the rupee

The Assembly divided

AYES—8

Grylls, Mr P. J.
Gwillt, Mr Leslie
Harvey, Capt G T B
Hitzel, Mr M A F

Jehangir, Sir Cowanjee
Lawson, Mr C P
Ormiston, Mr J F
Tison, Mr Geoffrey W

NOES—57

Abdul Hamid Shah, Maulvi
Abdullah, Hafiz Mohammad
Adityan, Sir S T
Ayea, Mr C W
Chaman Lall, Diwan
Chaudhri, Sreejit Rohini Kumar
Daga, Seth Sheodass
Dani, Mr G B
Gadgil, Sjt N V
Gangaraju, Sir V
Gaur Shankar Saton Singh, Mr
Ghazanfarulla, Hafiz M
Gokhale, Mr B K
Govind Das, Seth
Gupta, Lala Deshbandhu
Habibul Rahman, Mr
Hans Raj, Raizada
Ishaq Seth Haji Abdus Sattar Haji
Jaffri, Mr Ahmed E H
Jagannathidas, Sri
Jamal Moideen Saib, Mr M J
Jeealai, Makhdom Al Haj Syed Sher Shah
Jhunjhunwala, Mr B P
Jmchandian, Sri M K
Kharegat, Sri Pheroze
Lal Mi Shavax A
Lingnat Ali Khan The Honourable Mr
Mahapatra Sri Bhagrathi
Mandal The Honourable Mr Jogendra Nath

Matthal The Honourable Dr John
Mukul Bihari Lal Bhargava, Pandit.
Naurang, Syed Ghulam Bhik
Narayan Munshi, Sir N
Nazari Hasan, Mr Shah
Nazimuddin, Khwaja
Oulnam, Mr S H Y
Pai, Mr M P
Patel The Honourable Sardar Vallabhbhai
Punjabi, Mr K L
Ranga, Prof N G
Rangachari, Mr V V
Reddhai, Sri R. Venkatasubba
Sakana Shri Mohan Lal
Salve, Mr P K
Satakopachari Sri T V
Sheehy Sir John
Siddiq Ali Khan Mr
Siddique Shrikh Rifa'uddin Ahmad
Simha Shri Satya Narayan
Solanki Dr P G
Sukhdev Seth
Suript Singh Maphria Sardar
Swaminadhan Shrinani Ammu
Tarku Das Bhargava Pandit
Vijay Mr B B
Zia Uddin Ahmad Dr
Zuberi Mr Masarat Hussain

The motion was negatived

Mr. Deputy President: I may inform Honourable Members that it was agreed between all the parties and the Members that the consideration of this Bill will finish at 5 P M and I suppose all the Honourable Members are sticking to this arrangement and they will not move any more amendments. If there are any they will be considered to have been withdrawn.

The question is

That the Schedule stand part of the Bill

The motion was adopted

The Schedule was added to the Bill

Clause 1 was added to the Bill

The Title and the Preamble were added to the Bill

The Honourable Mr. Liaquat Ali Khan: Sir, I beg to move

That the Bill be passed.

Mr. Deputy President: The question is

That the Bill be passed.

The motion was adopted

DEMANDS FOR SUPPLEMENTARY GRANTS FOR 1946-47

Mr. Deputy President: Now there are the supplementary grants

I am sorry to keep the House a little longer Unless any Honourable Member has got any objection for any particular demand to be taken I propose to take all the supplementary demands together.

Shri Mohan Lal Saksena (Lucknow Division Non-Muhammadian Rural) I have objection to the demand "Taxes on Income Including Corporation Tax "

Mr. Deputy President: Which number?

Shri Mohan Lal Saksena: No 3

Mr. Deputy President: Then except No 3 I shall put all the demands simultaneously

The question is

"That the separate supplementary sums not exceeding the sums shown in the third column of the order paper except the sum shown against supplementary demand No 3, be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March 1947 in respect of corresponding supplementary demands entered in the second column thereof "

The motion was adopted

[As directed by Mr Deputy President the motions for Supplementary Demands for Grants which were adopted by the Assembly are reproduced below—Ed of D]

DEMAND No 1—CUSTOMS

"That a Supplementary sum not exceeding Rs 22,44,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March 1947 in respect of 'Customs' "

DEMAND No 2—CENTRAL EXCISE AND SALT

"That a supplementary sum not exceeding Rs 1,57,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March 1947 in respect of 'Central Excise and Salt' "

DEMAND No 5—PROVINCIAL EXCISE

"That a supplementary sum not exceeding Rs 1,57,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March 1947 in respect of 'Provincial Excise' "

DEMAND No 6—STAMPS

"That a supplementary sum not exceeding Rs 9,97,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March 1947, in respect of 'Stamps' "

DEMAND No 8—IRRIGATION NAVIGATION EMBANKMENT AND DRAINAGE WORKS

"That a supplementary sum not exceeding Rs 1,00,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March 1947 in respect of 'Irrigation Navigation, Embankment and Drainage Works' "

DEMAND No 11—CABINET

"That a supplementary sum not exceeding Rs 41,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March 1947, in respect of 'Cabinet' "

DEMAND No 13—LEGISLATIVE ASSEMBLY AND LEGISLATIVE ASSEMBLY DEPARTMENT

"That a supplementary sum not exceeding Rs 1,45,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March 1947 in respect of 'Legislative Assembly and Legislative Assembly Department' "

DEMAND No. 14—HOME DEPARTMENT

That a supplementary sum not exceeding Rs. 1,97,000 be granted to the Governor-General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1947, in respect of 'Home Department'.

DEMAND No. 15—DEPARTMENT OF INFORMATION AND BROADCASTING

That a supplementary sum not exceeding Rs. 12,16,000 be granted to the Governor-General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1947, in respect of 'Department of Information and Broadcasting'.

DEMAND No. 17—DEPARTMENT OF EDUCATION

That a supplementary sum not exceeding Rs. 4,85,000 be granted to the Governor-General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1947, in respect of 'Department of Education'.

DEMAND No. 18—DEPARTMENT OF AGRICULTURE

That a supplementary sum not exceeding Rs. 5,69,500 be granted to the Governor-General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1947, in respect of 'Department of Agriculture'.

DEMAND No. 20—DEPARTMENT OF COMMONWEALTH RELATIONS

That a supplementary sum not exceeding Rs. 2,95,000 be granted to the Governor-General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1947, in respect of 'Department of Commonwealth Relations'.

DEMAND No. 21—FINANCE DEPARTMENT

That a supplementary sum not exceeding Rs. 1,14,000 be granted to the Governor-General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1947, in respect of 'Finance Department'.

DEMAND No. 22—COMMERCE DEPARTMENT

That a supplementary sum not exceeding Rs. 2,58,000 be granted to the Governor-General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1947, in respect of 'Commerce Department'.

DEMAND No. 24—DEPARTMENT OF COMMUNICATIONS

That a supplementary sum not exceeding Rs. 84,000 be granted to the Governor-General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1947, in respect of 'Department of Communications'.

DEMAND No. 25—DEPARTMENT OF TRANSPORT

That a supplementary sum not exceeding Rs. 1,50,000 be granted to the Governor-General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1947, in respect of 'Department of Transport'.

DEMAND No. 26—FOOD DEPARTMENT

That a supplementary sum not exceeding Rs. 14,51,000 be granted to the Governor-General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1947, in respect of 'Food Department'.

DEMAND No. 27—CENTRAL BOARD OF REVENUE

That a supplementary sum not exceeding Rs. 56,000, be granted to the Governor-General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1947, in respect of 'Central Board of Revenue'.

DEMAND No 28—INDIA OFFICE AND HIGH COMMISSIONER'S ESTABLISHMENT CHARGES

"That a supplementary sum not exceeding Rs 24,70,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1947, in respect of 'India Office and High Commissioner's Establishment Charges'."

DEMAND No 30—AUDIT

"That a supplementary sum not exceeding Rs 22,30,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1947, in respect of 'Audit'."

DEMAND No 31—ADMINISTRATION OF JUSTICE

"That a supplementary sum not exceeding Rs 3,46,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1947, in respect of 'Administration of Justice'."

DEMAND No 34—PORTS AND PILOTAGE

"That a supplementary sum not exceeding Rs 7,87,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1947, in respect of 'Ports and Pilotage'."

DEMAND No 38—ZOOLOGICAL SURVEY

"That a supplementary sum not exceeding Rs 14,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1947, in respect of 'Zoological Survey'."

DEMAND No 40—MINES

"That supplementary sum not exceeding Rs 44,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1947, in respect of 'Mines'."

DEMAND No 41—ARCHAEOLOGY

"That a supplementary sum not exceeding Rs 1,30,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1947, in respect of 'Archaeology'."

DEMAND No 47—AGRICULTURE

"That a supplementary sum not exceeding Rs 1,91,50,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1947, in respect of 'Agriculture'."

DEMAND No 49—INDUSTRIES

"That a supplementary sum not exceeding Rs 19,52,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1947, in respect of 'Industries'."

DEMAND No 49-A—OVERSEAS COMMUNICATION SERVICE

"That a supplementary sum not exceeding Rs 8,57,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1947, in respect of 'Overseas Communication Service'."

DEMAND No 53—DEPARTMENT OF INDUSTRIES AND SUPPLIES

"That a supplementary sum not exceeding Rs 10,43,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1947, in respect of 'Department of Industries and Supplies'."

DEMAND No 54—EMIGRATION

"That a supplementary sum not exceeding Rs 21,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1947, in respect of 'Emigration' "

DEMAND No 56—CENSUS

"That a supplementary sum not exceeding Rs 32,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1947, in respect of 'Census'."

DEMAND No 58—IMPERIAL DAIRY DEPARTMENT

"That a supplementary sum not exceeding Rs 56,000, be granted to the Governor-General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1947, in respect of 'Imperial Dairy Department' "

DEMAND No 59—MISCELLANEOUS DEPARTMENTS

"That a supplementary sum not exceeding Rs 2,34,000 be granted to the Governor-General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1947, in respect of 'Miscellaneous Departments' "

DEMAND No 66—MISCELLANEOUS

"That a supplementary sum not exceeding Rs 3,81,56,000 be granted to the Governor-General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1947, in respect of 'Miscellaneous' "

DEMAND No 67—MISCELLANEOUS ADJUSTMENTS BETWEEN THE CENTRAL AND PROVINCIAL GOVERNMENTS

"That a supplementary sum not exceeding Rs 1,67,000 be granted to the Governor-General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1947, in respect of 'Miscellaneous adjustments between

DEMAND No 68—POST-WAR PLANNING AND DEVELOPMENT

"That a supplementary sum not exceeding Rs 1,000 be granted to the Governor-General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1947, in respect of 'Post-war Planning and Development' "

DEMAND No 69—CIVIL DEFENCE

"That a supplementary sum not exceeding Rs 24,60,000 be granted to the Governor-General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1947, in respect of 'Civil Defence' "

DEMAND No 70—DELHI

"That a supplementary sum not exceeding Rs 12,12,000 be granted to the Governor-General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1947, in respect of 'Delhi' "

DEMAND No 71—AJMER-MERWARA

"That a supplementary sum not exceeding Rs 4,47,000 be granted to the Governor-General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1947, in respect of 'Ajmer-Merwara' "

DEMAND No 73—ANDAMAN AND NICOBAR ISLANDS

"That a supplementary sum not exceeding Rs 29,67,000 be granted to the Governor-General in Council to defray the charges which will come in course of payment during the year ending the 31st day of March, 1947, in respect of 'Andaman and Nicobar Islands' "

DEMAND No. 79—CAPITAL OUTLAY ON INDUSTRIAL DEVELOPMENT

"That a **supplementary** sum not exceeding Rs 1,000 be granted to the Governor-General in Council **to defray** the charges which will come in course of payment during the year ending the **31st day of March, 1947**, in respect of 'Capital Outlay on Industrial Development'."

DEMAND No. 88—DELHI CAPITAL OUTLAY

"That a **supplementary** sum not exceeding Rs 1,000 be granted to the Governor-General in Council **to defray** the charges which will come in course of payment during the year ending the **31st day of March, 1947**, in respect of 'Delhi Capital Outlay'."

The Assembly then adjourned till Eleven of the Clock on Monday the **31st March, 1947**.

LEGISLATIVE ASSEMBLY DEBATES

MONDAY, 31st MARCH, 1947

Vol. IV—No. 5

OFFICIAL REPORT



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(P.T.O.)

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LEGISLATIVE ASSEMBLY

Monday, 31st March, 1947

The Assembly met in the Assembly Chamber of the Council House at Eleven of the clock, Mr President (The Honourable Mr G V Mavalankar) in the Chair.

MEMBER SWORN :

Mr S. Bhoothalingam, O.B.E., M.L.A. (Government of India) Nominated Officials

STARRED QUESTIONS AND ANSWERS

(a) ORAL ANSWERS

PRODUCTION OF STEEL IN INDIA SINCE 1939

1266. *Mr. Manu Subedar: (a) Will the Honourable Member for Industries and Supplies please lay on the table of the House a statement showing the annual figures for the production of steel in India since 1939?

(b) What is the reason for the reduced production during 1946-47 compared to the previous years?

(c) What steps are Government taking to increase the production of steel?

(d) In what directions is the total steel produced distributed?

(e) What steps do Government propose to take to meet the complaint of non-availability of steel for building purposes?

The Honourable Sri C. Rajagopalachari : (a) A statement is laid on the table

(b) The reasons are— (1) Transport difficulties, (2) Labour unrest and strikes

(c) Attention is invited to the answer given by me on 13th March to part (d) of the Honourable Member's Starred Question No 902

(d) Full information is given in the Press Note which was issued by my Department on 6th November 1946, a copy of which is laid on the table.

(e) A quota of 250,000 tons of steel will be allotted to the Provincial Governments during the current year to meet the requirements of the public for agricultural implements, house-building, and small consumers. This quantity is being made available at the expense of certain development schemes and although the demand is presumably greater, this is the maximum that Government can hope to provide at this stage. Government is fully aware of large house-building activities in and around industrial centres where property prices are rising high. Endeavours are being made to increase the availability by imports on Government account, and import licences are now being issued freely in favour of genuine consumers—including house builders who can obtain firm offers of steel from foreign countries either direct or through importers. A Press Note which was issued by my Department concerning imports is placed on the table.

Year	Production in Tons
1939	8,42,905
1940	10,37,784
1941	11,37,650
1942	10,70,451
1943	11,66,204
1944	10,59,292
1945	10,69,045
1946	9,00,000

STATEMENT II (a)

With a view to ensuring a fair distribution of iron and steel, of which there is a great shortage in the country, the Govt. of India has decided in consultation with the provinces, to introduce immediately a new scheme of allotment.

In this scheme, the allotment to the general public has been carefully fixed in comparison with what has been available to them since the end of the war.

According to the scheme, all the available iron and steel will be divided into two quotas one for the Railways and the other for industrial and civilian needs. The Railway quota will be operated by the Railway Board and the other by the Iron and Steel Controller.

India's production of iron and steel for 1947 is estimated at 990,000 tons. Although capacity exists for 1,200,000 tons, failure of adequate supplies of molten slag and coal and the increase in labour troubles have lowered and are still depressing indigenous production. As there is world shortage of iron and steel, imports into India during 1947 are not to exceed 150,000 tons. Allotments for 1947 would, therefore, be: Railways 390,000 tons; Iron and Steel Controller 750,000 tons.

The Iron and Steel Controller's quota will be for specific allotments during 1947 of (1) 150,000 tons for industrial maintenance and packing purposes, (2) 210,000 tons to steel processing industries, (3) 80,000 tons for the development schemes of the Central, Provincial and State Governments, (4) 50,000 tons to the development of private industries, (5) 250,000 tons to the public including small scale manufacturers of consumer goods in provinces and States, and (6) 10,000 tons for export, which will be reduced to an absolute minimum and allowed only on the orders of the Government.

The allotment to steel processing industries will be effected on the advice of the Director-General, Industries and Supplies, and with the cooperation of Trade Associations where they exist. The distribution of steel for industrial maintenance and packing will also be done mostly through Industrial Associations of Government authorities concerned with such industries. As regards Government development schemes, the Departments will send a programme of demands relating to various categories of steel required for each period of 1947. If available, steel will be allotted to cover all the programmes, otherwise the Controller will submit the case to the Government for priority decisions.

Allot of Private Industry

In order to aid private industry in the establishment of new factories and production units, a separate allotment has been made. The distribution of this will be made by the Iron and Steel Controller on the advice of Departments concerned. The Electrical Commissioner, Sialkot, the Coal Commissioner, Calcutta, the Textile Commissioner, Bombay, the Iron and Steel Controller, Calcutta, and Development Officers in the Directorate General, Industries and Supplies, New Delhi, will to the sponsoring steel authorities in respect of electrical installations, textile mills, collieries, iron and production and other industries respectively. These authorities will arrange the demands in order of priority and send them with their recommendations. If the demands exceed the allotment the Iron and Steel Controller will obtain a priority decision and distribute the available steel accordingly.

Iron and Steel for the public will be allotted to individual provinces and States after taking into consideration the pre-war distribution of steel, area and population and other factors. Normally the allotment will be made available through the registered stock holders. Members of the general public requiring steel will have to apply to the Provincial officer concerned for a permit. On the authority of the provincial permits steel may be obtained from the registered stock-holder named in the permit.

STATEMENT III (a)

MORE FACILITIES FOR IRON AND STEEL IMPORTS—NEW PROCEDURE OUTLINED

The Government of India have decided to give more facilities for the imports of iron and steel, with a view to improving their short supply in the country.

Accordingly, import licences will be issued freely to genuine consumers in respect of all categories of iron and steel included in the Second Schedule to the Iron and Steel (Control of Production and Distribution) Order, 1941, except tool and alloy steels, jute and cotton baling hoops. They should, however, obtain firm offers from any foreign country and give an undertaking not to re-sell the steel they import. Applications for import licences should be made to the Controller of Steel Imports, 100, Clive Street, Calcutta.

Persons or firms who are the accredited agents of foreign manufacturers (not shippers or exporters) who receive definite offers for export to India in 1947, should approach the Department of Industries and Supplies, Jaisalmer House, New Delhi, with proof of their appointment as manufacturers' agents and details of offers. It will then be decided whether the import should be allowed on Government account or offered to consumers direct. If the latter course is adopted import licences will be issued in favour of the consumers who take up the offers and give the necessary undertaking.

Persons and firms, other than consumers or foreign manufacturers' agents, who claim to have received definite offers should make arrangements to have the offers taken up by consumers to whom import licences will be issued in accordance with the procedure mentioned above.

Department of Industries and Supplies

New Delhi, dated March 14, 1947

Mr. Mann Subedar : Has the Industries and Supplies Minister examined the conditions under which steel licenses are to be given to genuine consumers only and in view of the difficulties of the ordinary steel consumer whose demand is very small and also in view of the fact that he is not in touch with foreign supplies and does not know of the banking, shipping and other problems involved in foreign supply, will Government examine whether the normal trade channels could not be given these licenses, subject to Government control of the steel when it arrives in this country?

The Honourable Sri C. Rajagopalachari : Yes, the Government is prepared to examine the suggestion.

Seth Govind Das : With respect to the reply to part (c) of the question may I know whether the Government is aware of the fact that there is a possibility of a big steel production factory being erected in the Central Provinces and has Government received any communication in this respect from the Central Provinces Government?

The Honourable Sri C. Rajagopalachari : Government has considered the question of opening their own factories for the production of steel and in consultation with Provincial Governments these schemes will be planned and developed.

Seth Govind Das : I wanted to know whether the Government of India have received any definite proposal from the Central Provinces Government about the possibility of having a Government factory in that province, which has a much greater chance of success than even the Jamshedpur factory?

The Honourable Sri C. Rajagopalachari : Unless the Honourable Member means by definite plan nothing more than a letter in which they say that they will have the factory in a particular area, I might tell my Honourable friend that perhaps such a communication has been received from the Central Provinces

Government. But that particular area is kept in mind in the proposals that I have already referred to as having been definitely decided upon by the Government of India. In consultation with Provincial Governments suitable sites or centres will be selected for opening such steel production factories.

Mr. Yusuf Abdoola Haroon : May I know whether Government propose to lay down a uniform policy for those buildings which are not in the industrial area and which are half completed, whether those buildings would be given priority to finish their work first ?

The Honourable Sri C. Rajagopalachari : On the question of priorities if you take up a particular question it looks as though it should have the first priority but if my Honourable friend will have all the claims before him, he will see that the rules already made by Government in regard to priorities are very fair and cannot be improved upon.

Mr. Manu Subedar : Are Government aware that a certain number of rolling plants in this country which can produce steel useful for building purposes are remaining idle, because they do not get billets ? Will Government examine this position again and see which of them could be put into operation ?

The Honourable Sri C. Rajagopalachari : That is quite true it is the shortage of raw materials that is keeping some of these re-rollers idle or at least relatively idle. Therefore it is the short supply of the raw materials which we have to tackle and that is why we have gone into the question of state production of steel and that is being actively pursued. But it is not a short term programme and therefore imports are now freely to be permitted and as to whom licenses should be given for imports is a matter for consideration.

Mr. Sasanka Sekhar Sanyal : In the matter of provincial quota do the Government of India take any steps to see that the distribution is done fairly and if there are cases of discrimination what steps do Government propose to take to deal with the matter ?

The Honourable Sri C. Rajagopalachari : There is nothing unfair in the distribution among provinces. If there be, the only step the Government can take is to make it fair or correct the unfairness.

Prof. N. G. Ranga : In regard to this matter of state production of steel, will Government consider the advisability of giving first priority to the starting of a state factory in Rayachseema which suffers from frequent famines and therefore unemployment ?

The Honourable Sri C. Rajagopalachari : I am sorry I do not follow the connection between famine and steel.

Prof. N. G. Ranga : My Honourable friend himself suggested that these factories should be started at suitable centres. In view of the fact that the Jamshedpur factory is already there to serve Bihar and the United Provinces so far as the provisions of employment and exploitation of iron ore are concerned, will Government consider the desirability of giving priority to the starting of a factory in Rayachseema ?

The Honourable Sri C. Rajagopalachari : Government has decided that no priority should be given to private promoters of companies for steel in this connection and if it is a question of Government undertaking the work, there is no question of priority. They will select the places where it is most likely to be successful and useful all round and in the matter of the selection of sites, all considerations including the need for employment of the local population also will be taken into account. But by far the largest and most important consideration

would be the transport of raw material necessary for production, namely coal and ore

LICENSES FOR NEW COTTON MILLS IN INDIA AND INDIAN STATES

1267. *Mr. Ahmed E. H. Jaffer: (a) Will the Honourable Member for Industries and Supplies be pleased to state the number of licences issued for the establishment of new cotton mills in India, giving separately the number issued to the Indian States?

(b) What steps are being taken by Government to make the necessary machinery and other equipment for the above mills available and what facilities are being given by Government for starting these mills at an early date?

(c) Do Government propose to consider the question of giving fresh licences for the establishment of new cotton textile mills, if so, how many for British India and how many for the Indian States?

(d) What is the number of looms and spindles required for the new textile mills for which licences have been given?

The Honourable Sri C. Rajagopalachari: (a) 118, including 34 for States.

(b) Import license have been given by Government to the persons concerned and it is for them to make arrangements for rapid delivery by the manufacturers with whom they have placed their orders. As regards other facilities, the attention of the Honourable Member is invited to my reply to part (d) of starred question No. 11 asked by Seth Govind Das on the 3rd February 1947.

(c) Not at present, Sir. But the position will be reviewed when prospects of securing machinery improve.

(d) 2,180,531 spindles and 33,595 looms.

Mr. Ahmed E. H. Jaffer: In view of the fact that machinery is available in America may I ask the Honourable Member whether he is prepared to release the required number of dollars for the purchase of the machinery in America?

The Honourable Sri C. Rajagopalachari: Purchasing machinery in America is already open to persons under the provisions already published by the Government. As regards release of dollars I would ask the Honourable Member to put the question to a different Department.

Seth Govind Das: Will the Government see that those new mills are not allowed to start their work unless they provide new pattern of labour quarters in their factories?

The Honourable Sri C. Rajagopalachari: That would be one way of controlling expansion.

Mr. Vadilal Lallubhai: May I know from the Honourable Member as to orders for how many spindles have been placed and how many spindles have arrived?

The Honourable Sri C. Rajagopalachari: Notice, Sir.

Mr. Yusuf Abdoolah Haroon: May I know from the Honourable Member with reference to part (c) of the question as certain provinces who had been allotted a certain quota have refused those licences, whether the Honourable Member thinks it would be possible to give these licences to other Provinces who are in need of cotton mills?

The Honourable Sri C. Rajagopalachari: This has been agitated so often in this House that I need hardly, without notice, go into a question of the kind once again.

Sri M. Ananthasayanam Ayyangar : May I ask how many of these mills are spinning mills and how many cloth mills ?

The Honourable Sri C. Rajagopalachari : I could easily answer the question if that had been put to me. If the Honourable Member wants the classification I would require notice.

Sri M. Ananthasayanam Ayyangar : May I ask the Honourable Member in view of the debate we had in the House regarding the want of sufficient yarn for handloom—whether he would advise that in respect of all the yarn that is produced in the new spindles priority be given to handlooms ?

The Honourable Sri C. Rajagopalachari : I am prepared to answer this on a separate question.

[*] Sri M. Ananthasayanam Ayyangar : One more question Sir. In view of the statement that the Honourable Member made regarding the location of industries relating to steel, in places where the raw materials are available will he consider the suggestion that he should try to locate some of these mills in cotton growing areas like Rayalaseema ?

The Honourable Sri C. Rajagopalachari : All these considerations were well before the Panel which went into the question and I would ask the Honourable Member to read the Report of the Panel, and he will get all the answers which he wanted from me.

Mr. Vadilal Lallubhai : In view of the fact that the orders for all these machinery were placed more than two years back but the machinery are not yet being supplied by the U.K. manufacturers, will the Honourable Member take up the matter with the textile manufacturers in England ?

The Honourable Sri C. Rajagopalachari : With the textile machine manufacturers in England ?

Mr. Vadilal Lallubhai : Yes.

The Honourable Sri C. Rajagopalachari : A Sub-Committee went representing the Honourable Member's community of textile manufacturers here and that Committee has gone and dealt with the textile machine manufacturers in England and has come back with a concrete agreement. They are also having contacts there with the machine makers to supply them immediately. Everything that is possible and businesslike is being done. There is an agency in London to help all manufacturers in this matter.

Lala Deshbandhu Gupta : Have Government received any information to the effect that in view of the new taxation proposals some of the licensees do not propose to avail themselves of their licences to import cotton machinery ?

The Honourable Sri C. Rajagopalachari : That is a mere guess. I am not aware of that.

PROPOSED INTRODUCTION OF MESSAGE RATE SYSTEM OF CHARGES FOR TELEPHONES IN POONA, BOMBAY AND DELHI

1268. ***Mr. Ahmed E. H. Jaffer :** (a) Will the Secretary of the Communications Department be pleased to state whether it is a fact that there is a proposal to introduce a message-rate system of charges for telephones in Poona, Bombay and Delhi ?

(b) If so, what are the charges fixed per call and the monthly rental per telephone for residence and office use ?

(c) When is this system expected to come into force ?

(d) Are Government aware that there is opposition from commercial organizations, public institutions and private individuals to this scheme and if so, what are the reasons for introducing the message-rate system?

(e) Are Government aware that this scheme will affect the business community and newspaper agencies?

Mr. Masarrat Husain Zuberi : (a) Government has decided to introduce the message rate system of charging at a number of places including Poona and Bombay. The matter is under consideration as regards Delhi.

(b) The charges at Bombay will be a line rental of Rs 8/- per month and 1 anna per call. At Poona the line rental will be Rs 8/- per month within a radius of 4 miles and Rs 2/8/- per half mile thereafter. The call charges at Poona will be 14 calls to a rupee subject to a discount of 12½ per cent for prompt payment. A surcharge of 50 per cent will be levied in addition on all the foregoing charges.

(c) In Bombay and Poona the system is expected to be introduced in the course of the year 1947-48.

(d) There is no great public opposition to the measure. Some commercial interests and other concerns have objected to the charge while others are in favour of the message rate system. The reasons which prompted Government to adopt the system are explained in the Press Note issued on 5th June 1941. A copy of that is placed on the table of the House.

(e) No, the payment made by the various classes of subscribers will be commensurate with the extent to which the service is used.

Copy of Press Note, dated the 5th June 1941

INDIAN POSTS AND TELEGRAPHS DEPARTMENT

No RS-3/41 (53)

A few months ago it was announced that the Government of India had decided to introduce with effect from a date (not yet fixed) after the 30th September 1941 the message rate system of charging from telephone subscribers on the Government telephone exchanges at Poona, Cawnpore, Amritsar, Jullundur and Dehra Dun as an experimental measure. This announcement has given rise to a certain number of representations from Chambers of Commerce and from telephone subscribers at these places and these representations have been duly replied to. It seems however necessary to explain in some detail for the benefit of the general public the reasons which led Government to arrive at the decision above referred to.

2. At present, the method of charging telephone subscribers to Government telephone exchanges in India is what is known as the 'flat' rate, that is to say, a fixed monthly or annual rental irrespective of the number of calls made. The other recognised methods of charging are —

(1) The message rate in which the charges consist of a fixed monthly or annual rental plus an additional charge for every call made, and

(2) The measured rate which is similar to the message rate except that the fixed monthly or annual rental includes a prescribed number of free calls, the additional charge for calls being made only in respect of calls in excess of the prescribed free number.

(3) The cost of providing, maintaining and working a telephone service consists of —

(a) the initial cost of providing the equipment at the exchange and at the subscriber residence and of connecting the two together and the maintenance of the lines and equipment, and

(b) the cost of the operation.

The former is within certain limits independent of the number of calls made, the latter is to a large extent proportional to the number of calls made in the case of both manual exchanges and automatic exchanges. In manual exchanges the higher the number of calls the more is the number of operators required, in automatic exchanges the higher the number of calls the greater is the amount of equipment required. In all cases the wear and tear in the machinery and in consequence the frequency with which apparatus has to be replaced depends directly on the number of calls made.

4 The flat rate system of charging has usually been adopted in all countries in the early stages of telephone development and it has certain advantages when the public has not yet become fully telephone-minded. As soon as, however, the development of telephones has extended, numerous difficulties arise with regard to the flat rate system of charging. This system encourages the making of unnecessarily numerous number of calls and frequently of frivolous ones. It gives rise to abuses such as the use of one telephone by a number of different persons who club together to keep a telephone as also to the giving of free use of telephones to neighbours and passers by. The excessive rate of calling leads to numerous ineffective calls due to engaged junctions and numbers. Wear and tear of the machinery and equipment and the employment of additional operators increases the costs of the service without any additional revenue to cover it. But the most important point is that under the flat rate system it becomes necessary to charge a high rent from all subscribers in order to cover the cost of the service and this high rental becomes in fact a subsidy from the smaller user to the large user of the telephone. The high rental discourages the small user of the telephone such as small traders, the less prosperous professional man and residential homes from becoming subscribers. Subscribers who in the course of their business have to make or receive numerous calls are reluctant to rent additional lines because of the high initial rental under the flat rate system of charges.

5 The merits of the different systems of charging have been studied extensively in many countries and the flat rate system of charging has now been almost universally abandoned in other parts of the world. The general consensus of opinion is that the message rate is the best in the interests of telephone users as a whole since it regulates the charges according to the use made of the service. In the United Kingdom the flat rate system was in force prior to 1920 but it was abandoned in favour of the universal message rate system. The question was examined by two select committees of the House of Commons which reported favourably on the changes made with regard to the message rate system. The message rate system of charging is in force in India in the cities of Calcutta and Madras. In coming to the decision to introduce the message rate system Government have been guided entirely by the best interests of the telephone users as a whole and they have had no intention of earning more revenue in adopting this system.

6 The message rates proposed to be adopted at present are as follows —

- (a) A connection fee of Rs. 10/- (this is the same as at present)
- (b) An annual subscription of Rs. 100/- if paid in advance or Rs. 10/- per month subject to a discount of Re. 1/- for prompt payment. (Under the present flat rate system, the annual subscription is Rs. 192/- if paid in advance or Rs. 20/- per month subject to a discount of Rs. 2/- for prompt payment.)
- (c) A charge of one rupee per fourteen calls subject to a discount of 12½ per cent for prompt payment which brings the net charge per call to one anna. These charges do not compare unfavourably with the charges imposed by the Telephone Companies at Calcutta and Madras. The charges have been adopted experimentally and will of course be subject to examination from time to time. It is difficult to make any accurate estimate of the financial effect of these rates and to say whether they would bring in more or less revenue as compared with the flat rate system of charging now in force. Under the new system the large user will of course have to pay more, but that is only fair since the benefit derived by him is greater. On the other hand, the reduced initial charges will encourage the small trader, the small professional man as well as residential subscribers to come on to the exchange and to benefit by the service. The benefits of the service will, therefore, be extended to a larger circle of the public with consequent advantage to all subscribers who will thus be brought in touch with a larger number. Frivolous calls will be cut out, unnecessary calls will not be made and the abuse of clubbing together or of giving free calls to neighbours will be stopped. This will result in an improvement of the service as a whole to all subscribers by reducing the number of ineffective calls due to engaged signals or to wear and tear of the equipment. It must be emphasized that the subscriber pays nothing for incoming calls but only pays for the calls which he makes and which are effective, that is to say, which are answered by the called subscriber.

7 The decision to introduce the new system in a selected number of exchanges is mainly due to the difficulty of obtaining meters in sufficient numbers to equip all Government exchanges at once. The exchanges selected at present for the introduction of the message rate system are those where either the calling rate is excessive and the abuses connected with the present system are suspected to be particularly prevalent or where it is felt that the introduction of the message rate will definitely benefit large numbers of potential subscribers. There is no intention of discriminating against the subscribers of these places only. As meters become available the new system of charging will be extended to other exchanges. But before doing so, the results of the introduction of the message rate system in the five selected exchanges will be carefully watched both from the point of view of the advantages to the subscribers as well as from the financial point of view.

SMDLA,

The 5th June 1947

Mr. Ahmed E. H. Jaffer : May I know what the Honourable Member means by saying that 'others are in favour of the scheme'? May I know who the others are?

Mr. Masarrat Husain Zuberi : Other public bodies

Mr. Ahmed E. H. Jaffer : So far as I know, the provincial Government of Bombay who were consulted in the matter are opposed to the scheme

Mr. Masarrat Husain Zuberi : I do not think it is a correct Statement.

Mr. Sasanka Sekhar Sanyal : May I know if this question was placed before the Standing Committee of the Legislature connected with the Department?

Mr. Masarrat Husain Zuberi : The discussion was raised at the instance of the Honourable Member, Mr. Jaffer, himself who is a member of the Standing Advisory Committee. The Committee did not favour his proposal of opposing this system, that is they were in favour of the introduction of the message rate system.

Mr. Ahmed E. H. Jaffer : It is not a fact.

Mr. President : Let there be no debate on the interpretation of the Committee's finding.

Mr. Ahmed E. H. Jaffer : May I know what the Honourable Member's reply is to my first question - that the Provincial Government are opposed to the scheme?

Mr. Masarrat Husain Zuberi : My recollection is that the Bombay Government were appraised of this in 1940 and they approved of it.

Lala Deshbandhu Gupta : So far as Delhi is concerned may I know whether the Government have definitely given up the idea of introducing the message-rate system?

Mr. Masarrat Husain Zuberi : Sir, I said that the matter is still under consideration.

Lala Deshbandhu Gupta : Will the system be introduced after 1949?

Mr. Masarrat Husain Zuberi : May be and then it might be earlier even.

Mr. Ahmed E. H. Jaffer : In view of the fact that the Bombay Government and other bodies were consulted in 1940 before the war, may I know whether the Honourable Member would consider the desirability of inviting public opinion before the scheme is launched?

Mr. Masarrat Husain Zuberi : I do not think, Sir, 1940 was before the war.

POLICY RAIL-RE ROAD CO-ORDINATION SCHEME IN PROVINCES

1269. ***Mr. Ahmed E. H. Jaffer :** (a) Will the Honourable Member for Transport please make a statement on the policy of the Government of India with regard to the rail-road co-ordination scheme in different Provinces in India?

(b) Have Government laid down any definite policy in respect of motor transport business and the rail-road co-ordination scheme in the Province of Bombay?

(c) If so, to what extent is such policy being followed by Government?

(d) Are Government aware that recently an All India Motor Congress was held in Delhi to protest against the policy of Government in this regard? If so, what steps have since been taken by Government to meet the demands of the motor owners in India?

The Honourable Dr. John Matthai (a), (b) and (c) The Honourable Member's attention is invited to the reply to starred question No. 3 asked by Sardar Mangal Singh on the 28th of October 1946. The essence of the policy set out there was repeated by me in my Railway Budget Speech in connection with the demand for the grant required to enable the railways to invest in road transport and has again been confirmed in a letter recently circulated to all Provincial Governments, including Bombay

(d) Government have seen Press reports. These indicate that the demands concern matters of provincial, rather than Central, responsibility. In so far as the Centre is concerned, Government are satisfied that the policy already announced is the most satisfactory.

Sri M. Ananthasayanam Ayyangar May I ask how many of the Provincial Governments have agreed to co-operate with the Central Government in the matter of the policy enunciated already?

The Honourable Dr. John Matthai I am not in a position to give the exact number, but the majority of the Provinces have agreed.

Sri M. Ananthasayanam Ayyangar May I know how many of the Provinces intend starting motor transport services by themselves as a state measure in their respective provinces?

The Honourable Dr. John Matthai Some of them have definite schemes for the provincialisation of motor transport, but so far as I know the most complete and detailed scheme is the one put forward by the Bombay Government. Other Governments are also considering the scheme.

Mr. Sasanka Sekhar Sanyal May I know how the Bengal Government have expressed themselves with regard to this policy?

The Honourable Dr. John Matthai I cannot answer it offhand, Sir.

Mr. Manu Subedar In view of the congestion of transport all over the country, may I know whether Government will examine the question of utilising the motor vehicles which are still with the Disposals Department in very large bulk, for the purpose of bringing such vehicles into commission and using them under government aegis?

The Honourable Dr. John Matthai Sometime ago when the question of motor transport in the United Provinces was under contemplation, the Railways did buy a large number of motor transport vehicles from the Disposals Department which would now be at the disposal of the new Transport organisation which the U.P. Government is setting up.

Mr. Manu Subedar May I know what is being done with regard to the enormous number which is still remaining unsold at the hands of the Disposals Department? I believe a large number is still going to be declared. If that is so, may I know whether Government will examine this question as to why the whole of this transport cannot be used in order to reduce the bottleneck in transport?

The Honourable Dr. John Matthai Subject to consultation with my Honourable colleagues for Industries and Supplies I am certain that if any Provincial Government desires to put up transport organisations and makes proposals in regard to motor transport vehicles available with the Disposals Department the Honourable Member's suggestion would be considered.

Mr. Manu Subedar May I know whether the Transport Department at the Centre could not, whether the Honourable minister could not, take over some of these vehicles and put them into commission at once on those sections where there is congestion of traffic?

The Honourable Dr. John Matthai: Motor transport is a provincial responsibility.

Mr. Yusuf Abdoola Haroon May I know whether this suggestion would be circulated to the Provincial Governments?

The Honourable Dr. John Matthai. Subject to further discussion with the Industries and Supplies Department the matter will be pursued.

Sri M. Ananthasayanam Ayyangar. Is it not a fact that the Standing Finance Committee, when this matter was brought up before them, recommended that further investment on the road transport service—the purchase of buses or improvement of them, building of bodies and so on—in the United Provinces should be stopped and later on after finding out the view of the Provincial Government the matter should be placed before the Standing Finance Committee? May I know if this matter has since been placed before the Standing Finance Committee and what its decision or recommendation has been?

The Honourable Dr. John Matthai. The Honourable Member will recollect that in view of the Assembly's decision the question was held in abeyance until the Ministry Governments were consulted. We have been in touch with the Ministry Governments since and the U P Ministry is putting up a scheme for road transport coordination.

Sri V. C. Vellingiri Gounder. In view of the fact that the Provincial Governments are not following one uniform policy instead of leaving them matters to the discretion of the Provincial Governments and calling for their opinions again and again, will it not be better for Central Government to avoid all this trouble, to relieve themselves of their responsibility in the matter?

The Honourable Dr. John Matthai. We are in a position only to advise the Provincial Governments and that function we are prepared to perform.

Sri V. C. Vellingiri Gounder. That question can be easily solved.

Mr. President. Next question.

LIFTING OF CONTROL IN SALE OF MOTOR CARS IN BOMBAY

1270. *Mr. Ahmed E. H. Jaffer: (a) Will the Honourable Member for Transport be pleased to state whether it is a fact that the Bombay Government have lifted the control on the sale of motor cars?

(b) Is it a fact that the Madras Government are still retaining this control?

(c) If the answers to parts (a) and (b) be in the affirmative, what are the reasons for lifting the control in one Province and retaining it in another Province?

(d) In what other Provinces has the control on the sale of cars been lifted and retained, and what are the reasons therefor?

The Honourable Dr. John Matthai: (a) Yes.

(b) to (d) The Honourable Member is referred to the reply given by me on the 13th March 1947 to parts (c), (d) and (e) of his question No 904.

Mr. Ahmed E. H. Jaffer. In view of the fact that new cars are sold in the black market and they are very difficult to obtain, may I ask the Honourable Member whether he is prepared to consider the desirability of reintroducing the control system for cars all over India?

The Honourable Dr. John Matthai. This question was discussed by me at very considerable length when it was raised last week.

POSITION OF NEWSPRINT IN INDIA IN 1947

1271. *Mr. Ahmed E. H. Jaffer: Will the Honourable Member for Industries and Supplies be pleased to state.

(a) the position of news-print in India during the year 1947,

(b) whether it is a fact that the quota given to the various newspapers at present is likely to be decreased and, if so, the reasons therefor, and

(c) the policy laid down for the grant of quota to newspapers representing different political opinion?

The Honourable Sri C. Rajagopalachari. (a) On the basis of the present information India expects to receive at least 35,000, and possibly 37,500 tons during this year. This is considerably more than last year when against anticipations of 32,500 tons we received 22,000 tons during the year and about 8,000 tons as a carry over during January and February 1947.

(b) and (c) Government have decided to abolish the existing quota system and to relax the control on the procurement and use of newsprint with effect from the 1st April 1947. A press note to this effect was issued on the 14th February 1947. After the 31st March 1947 all newspapers will be free to consume as much quantity of newsprint as their paid circulation justifies and no permission from the Central Government would be required for bringing out new newspapers on newsprint.

Mr. Manu Subedar. May I know whether this relaxation includes the use of newsprint for book publication which has been stopped during the war period and whether the use of newsprint is free now to anybody?

Mr. President. This subject was thrashed out fully on by a few days ago.

Mr. Manu Subedar. I read the notification about it only today and it is clear on all the points except the one that I am raising now.

Mr. President. I am referring to the question and the supplementary questions and answers. I believe an identical question was put at that time?

Mr. Manu Subedar: At that time the newsprint control was on. One of the provisions was that the book trade could not use any newsprint. Now that the control on newsprint has been lifted, may I not ask whether the book trade will be allowed to take advantage of this relaxation?

The Honourable Sri C. Rajagopalachari. The Book trade has not yet been allowed to use newsprint. The position will be considered when the supply is considerably more easy.

Mr. Yusuf Abdoolah Haroon: In view of the lifting of the control will not the prices of newsprint go higher?

The Honourable Sri C. Rajagopalachari: I do not think it will but the position will be watched.

Mr. Yusuf Abdoolah Haroon. May I know whether the price at which it is sent by the U. K. is £ 82 per ton instead of £ 52 at which it was sold before?

The Honourable Sri C. Rajagopalachari. Such variations are bound to take place with de-controlling and those who ask for de-control must be prepared for such variations.

Mr. Ahmed E. H. Jaffer: The Honourable Member said that no permission will be required for starting new newspapers. Is it not a fact that still the Provincial Government would control the starting of newspapers?

The Honourable Sri C. Rajagopalachari : There are two kinds of control—control of consumption of paper and control of the substance of newspapers, which comes under the Press Laws. The latter is of course still continuing and is under the Provincial Government.

Lala Deshbandhu Gupta : Is the Honourable Member aware of the fact that some of the small weeklies are printed partly on newsprint and partly on white paper. If so, in view of the fact that part of it is done on white printing, will the Honourable Member consider the desirability of relaxing the control on white printing also to some extent?

The Honourable Sri C. Rajagopalachari : The control on any article is to be relaxed with reference to the supply and demand position of that commodity. Owing to the shortage of white paper, which is in demand for various purposes in India, it has not yet been considered desirable to remove the control on white paper.

UNIFORMITY IN TYPES OF RAILWAY RATES

1272. *Seth Govind Das : Will the Honourable Member for Railways be pleased to state

(a) whether Government are aware that there are 200 types of Railway rates in India,

(b) if so, do Government propose to institute an enquiry into the working of these various rates, and

(c) whether Government are taking any steps to bring about a uniform rate structure in India?

The Honourable Dr. John Matthai : (a) Government are aware that the three main categories of rates, namely, class, schedule and station to station do in practice include a number of types of rates on individual railways.

(b) I would refer the Honourable Member to the monograph on the Indian Railway's Goods Rating Structure, copies of which have been furnished to the Members of this House which outlines the action taken by Government in this matter and the progress made so far

(c) Yes.

Seth Govind Das : In view of the fact that these different rates were being charged by different concerns and now that the railways have become State Railway, will Government see that the uniform rates on all railways are introduced?

The Honourable Dr. John Matthai : That is precisely Government's objective in the matter.

Sri M. Ananthasayanam Ayyangar : I am aware of the brochure that was circulated. Independently of that, is the Government contemplating the appointment of a committee to bring these different rates under the three categories mentioned?

The Honourable Dr. John Matthai : My answer to that for the time being would be this. The matter is of a highly technical nature. There are also other aspects to it. For the moment we have done an initial inquiry into the whole question. We have also set up a committee of rating experts to go into this question. They will make a preliminary report. At a later stage of course the matter would come up before the Standing Finance Committee for Railways. Whether any further inquiry is necessary on these lines is a matter that I would like to take time to consider.

Sri M. Ananthasayanam Ayyangar : Who are the members of the Committee?

The Honourable Dr. John Matthai : It is a departmental committee of rating experts.

Mr. Manu Subedar : In connection with this committee of rating experts may I know whether they will examine the question whether the processed goods which move from one district to outside regions could not be charged at a higher rate in order to induce larger processing to be done in the districts where they are produced?

The Honourable Dr. John Matthai : I have taken note of the suggestion of the committee over which my Honourable friend presided?

Sri M. Ananthasayanam Ayyangar : May I know whether this committee of rating experts has been authorised to consult the various industrial and commercial interests before they arrive at a uniform policy regarding rates that have been allowed for various raw materials and finished products?

The Honourable Dr. John Matthai : As much progress as is possible is being made but the bulk of the work is of a technical nature. I propose to have the matter placed before the Standing Finance Committee for Railways and if the Committee desires that independent opinion of public bodies should be taken, it might be considered at that stage.

RECRUITMENT IN THE SUPPLY DEPARTMENT AND RETRENCHMENT OF WAR SERVICE PERSONNEL

1273. *Seth Govind Das : Will the Honourable Member for Industries and Supplies be pleased to state

(a) whether it is a fact that new personnel is being recruited to fill up vacancies created by retrenchment of temporary war service personnel in the Supply Department, and

(b) if so, the reasons for adopting such a procedure?

The Honourable Sri C. Rajagopalachari : (a) and (b). No vacancies are created by re-employment and therefore the questions put do not arise. But if the Honourable Member is referring to retrenchment in one organisation and additions in another organisation, Government have endeavoured as far as possible, to employ temporary war-service personnel, who became surplus in one unit of the Department on account of reduction of work, in other units in which there has been a temporary expansion, for example the Directorate General of Disposals. There have been a few instances, however, in which fresh personnel had to be recruited either because persons with special qualifications were needed or because none of the retrenched personnel was readily available for employment. Instructions have again been issued recently to the offices under the control of this department, who recruit ministerial staff direct that fresh personnel should not be recruited so long as retrenched hands from other local units are available.

EXPORT OF FOODGRAINS FROM INDIA

1274. *Seth Govind Das : Will the Secretary of the Food Department be pleased to state

(a) whether India has exported any food-grains to any country during the Kharif year 1946,

(b) if so, the countries to which such exports were made, and

(c) the quantities so exported?

Mr. K. L. Panjabi : (a) to (c) A statement is laid on the table of the House.

Statement showing the exports of 'Foodgrains' from India to other countries during the Kharif year 1945-46 (from 1st November 1945 to 30th October 1946)

Foodgrain	United Kingdom	Arabia	Burma	Ceylon	Trucial Coast	Bahrain Islands	Maskat territory	Mauritius and Dependence	India countries	quantity
1	2	3	4	5	6	7	8	9	10	11
<i>Rice (Not in the husk)</i>										
Quantity (in tons)	23	954	..	831	2	749	1	1	17	2,601
<i>Wheat-flour</i>										
Quantity (Tons)	.	453	..	1	..	18	1			473
<i>Barley</i>										
Quantity (Tons)	..	.	..	.	..	.			1	1
<i>Dals</i>										
Quantity (Tons)	..	..		11,332	..		.	500	532	12,364
<i>Pulse-bans</i>										
Quantity (Tons)	.		..	1,451		.			27	27
<i>Other sort of pulses</i>										
Quantity (Tons)		..	..	1,451		.				1,451
<i>Total</i>										
Quantity (Tons)	23	1,411	..	13,635	2	767	2	500	577	16,917

STARRED QUESTIONS AND ANSWERS

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Seth Govind Das : We shall read the statement later on, but may I know why even now our foodgrains are being exported to other countries ?

Mr. K. L. Panjabi : The exports during the period under question were only 16,000 tons. The main grounds for exports were to provide provisions for Indian pilgrims to Hedjaz, for ship stores, and to provide supplies to the Government of India's personnel in the Persian Gulf and small quantities for individuals.

Seth Govind Das : Are these exports still going on ?

Mr. K. L. Panjabi : The exports on these grounds are still going on.

Seth Govind Das : In view of the serious food situation in the country, will Government try to still minimise these exports ?

Mr. K. L. Panjabi : They have been minimised. As I mentioned, during the year under question the total exports were only 16 000 tons.

Seth Govind Das : Will a further effort be made to minimise these exports ?

Mr. K. L. Panjabi : Every effort is being made to minimise the exports.

Mr. Sasanka Sekhar Sanyal : May I know whether the Standing Committee of the Food Department was consulted in the matter and whether their advice was taken with regard to these exports and the selection of countries where such exports can be made ?

Mr. K. L. Panjabi : No Sir. There was no occasion to consult the Standing Committee.

Sri M. Ananthasayanam Ayyangar : May I know if foodgrains are not available about the Persian Gulf and the people there are not able to purchase them locally ?

Mr. K. L. Panjabi : Our supplies are only meant for the Government of India's personnel in these places.

Mr. Sasanka Sekhar Sanyal : Will Government consider the advisability of bringing forward the general question before the Standing Committee in the light of the interpellations today ?

Mr. K. L. Panjabi : Yes, Sir, Government will put this matter before the Standing Committee.

Seth Govind Das : Is there any scarcity of foodgrains even in these countries where we are exporting our foodgrains at present ?

Mr. K. L. Panjabi : Yes, there is scarcity.

IMPORT OF FOODGRAINS UPTO JANUARY 1947

1275. ***Seth Govind Das :** Will the Secretary of the Food Department be pleased to state

(a) the total quantity of food grains imported into India from other countries from the date the imports have begun upto the 31st January, 1947,

(b) the names of the countries showing separately the quantities of food grains imported from each of them, during the above period,

(c) the quantities of food grains imported into India through the intervention of the United Nations Organization Food Council and those that were received direct,

(d) whether the prices of rice and paddy from Indonesia and Argentina are lower than that of India F O R Indian ports, and

(e) if so, the percentage of difference?

Mr. K. L. Panjabi : (a) and (b). A statement of imports from September 1943 to January 1947 is laid on the table of the House.

(c) Allocations of rice are made by the International Emergency Food Council and the allotted quantities are imported through the intervention of that body. As regards other foodgrains the position so far has been that while the International Emergency Food Council make a general recommendation about the total quantities which a deficit country may import during the quota year, India, like other deficit countries, has to make direct arrangements with the exporting countries for such quantities of these foodstuffs as can be obtained ; the total procurement of these grains made in this manner is reported to the Council.

(d) and (e). No rice or paddy has been imported from Argentina. From Indonesia only paddy is being imported the price of which at Indonesian ports is Rs. 4/1/- per maund. The cost of freight to India has not yet been worked out, and it is not, therefore, possible to compare the landed cost with prices in India.

Statement showing imports of foodgrains from Overseas from September, 1943 to December, 1945

(1) Period	2) Sources	(3) Grains	(4) Quantity in tons
September, 1943	Australia	Flour	9,155
October, 1943	Australia	Wheat	12,518
October, 1943	Australia	Flour	8,521
		Total	21,039
November, 1943	Australia	Wheat	26,386
	Iraq	Barley	24,735
		Total	51,121
December, 1943	Australia	Wheat	38,182
	Canada	Wheat	5,034
	Iraq	Bareley	73,188
		Total	116,404
January, 1944	Australia	Wheat	25,521
	Iraq	Barley	29,964
	South Africa	Maize	2,712
		Total	58,197
February, 1944	Australia	Wheat	25,822
	South Africa	Maize	1,704
		Total	27,526
March, 1944	Australia	Wheat	42,879
April, 1944	Australia	Wheat	17,443
	Australia	Flour	9,510
		Total	26,953
May, 1944	Australia	Wheat	26,426
	Canada	Wheat	10,150
		Total	36,576

(1)	(2)	(3)	(4)
Period	Sources	Grains	Quantity in tons
June, 1944	Australia	Wheat	5,899
July, 1944	Australia	Wheat	27,188
	Australia	Flour	8,083
	Canada	Wheat	3,305
	Persian	Wheat	51
		Total	38,637
August, 1944	Australia	Wheat	46,256
	Australia	Flour	13,746
	Persian	Wheat	441
		Total	60,443
September, 1944	Australia	Wheat	52,976
	Persian	Wheat	486
		Total	53,462
October, 1944	Australia	Wheat	108,770
	Australia	Flour	618
	Persian	Wheat	520
		Total	109,908
November, 1944	Australia	Wheat	99,500
	Australia	Flour	14,403
		Total	113,903
December, 1944	Australia	Wheat	50,708
	Australia	Flour	5,283
	U.S.A. . . .	Wheat	18,667
		Total	74,658
January, 1945	Australia	Wheat	34,120
	Australia	Flour	8,289
	U.S.A. . . .	Wheat	32,018
		Total	74,427
February, 1945	Australia	Wheat	27,785
	Australia	Flour	500
	U.S.A. . . .	Wheat	40,343
	Canada	Wheat	3,213
		Total	71,841
March, 1945	Australia	Wheat	17,784
	Australia	Flour	1,950
	U.S.A. . . .	Wheat	37,255
	Canada	Wheat	3,071
		Total	60,040
April, 1945	U.S.A. . . .	Wheat	23,497
	Canada	Wheat	4,286
			27,783

(1)	(2)	(3)	(4)
Period	Sources	Grains	Quantity in tons
May, 1945	U.S.A.	Wheat	19,830
	Canada	Wheat	8,705
	Total		28,535
June, 1945	U.S.A.	Wheat	27,224
	Canada	Wheat	6,676
	Total		33,900
July, 1945	U.S.A.	Wheat	54,832
	Canada	Wheat	16,680
	Total		71,512
August, 1945	U.S.A.	Wheat	45,995
	Canada	Wheat	18,727
	Total		67,722
September, 1945	U.S.A.	Wheat	31,521
	Canada	Wheat	68,660
	Total		100,181
October, 1945	U.S.A.	Wheat	22,897
	Canada	Wheat	63,386
	Total		86,283
November, 1945	U.S.A.	Wheat	20,687
	Canada	Wheat	45,774
	Burma	Rice	6,600
	Total		73,061
December, 1945	U.S.A.	Wheat	49,802
	Canada	Wheat	65,704
	Burma	Rice	39,334
	Total		154,840

IMPORTED FOOD GRAINS—ARRIVALS DURING 1946.

FOODGRAINS OTHER THAN RICE

(i) Arrivals against shipments made in 1945

	From	Tons.	
January, 1946	U.S.A.	29,778	Wheat.
	Canada	50,433	Wheat.
	Total	80,211	
February	U.S.A.	22,246	Wheat.
	Canada	48,346	Wheat.
	Total	70,592	

		(ii) Arrivals against 1946 shipments		
		From	To is	
February	U S A	15,015	Wheat	
	Canada	24,195	Wheat	
	Total	39,210		
March	U S A	27,881	Wheat	
	Canada	4,443	Wheat.	
	Australia	38,091	Wheat.	
	Total	68,415		
April	U S A	29,705	Wheat	
	Canada	7,500	Wheat	
	Australia	62,182	Wheat	
	Australia	12,808	Wheat equivalent of 9,350 tons of flour at 73% extraction	
	Total	112,195		
May	Australia	62,379	Wheat	
	Australia	42,470	Wheat equivalent of 31,003 tons of flour.	
	U S A	26,164	Wheat.	
	Canada	3,500	Wheat	
	U K	5,500	Wheat equivalent of 4,000 tons of flour	
	Total	140,013		
June	Australia	52,398	Wheat	
	Australia	15,895	Wheat equivalent of 11,603 tons of flour	
	Canada	39,314	Wheat	
	Total	107,607		
July	Australia	48,471	Wheat	
	Australia	45,478	Wheat equivalent of 33,199 tons of flour.	
	Canada	53,212	Wheat	
	U S A	33,879	Wheat	
	U.S.A.	76,979	Maize	
	Total	258,019		
August	Australia	62,931	Wheat	
	Australia	19,227	Wheat equivalent of 14,036 tons of flour	
	Australia	1,050	Barley	
	Canada	9,308	Wheat	
	U S A	43,105	Wheat	
	U S A	8,913	Maize	
	Argentina	25,301	Maize	
	Burma	2,730	Maize	
	Iraq	170	Millets	
	Egypt	19,625	Millets	
	Total	182,360		
September	Australia	43,836	Wheat	
	Australia	35,764	Wheat equivalent of 26,108 tons of flour.	
	Australia	200	Millets	
	U S A	67,581	Wheat	
	U S A	5,100	Maize	
	U.S.A	7,625	Milo	
	Burma.	2,300	Maize.	
	Argentina	26,182	Maize	
	Egypt	4,709	Barley	
	Egypt	14,644	Millets	
	Abbyssenia	1,421	Millets	
	Total	209,362		

	From	Tons	
October	Australia	17,079	Wheat.
	Australia	900	Millets.
	U S A	32,499	Wheat.
	U S A	6,253	Wheat equivalent of 5,002 tons of flour at 80% extraction Basis.
	U S A	7,475	Milo.
	Argentina	97,200	Maize
	Argentina	1,672	Millets
	Egypt	2,157	Barley
	Egypt	3,200	Millets
	Turkey	6,900	Barley
	Iraq	17,200	Barley
	Iraq	1,000	Millets
	Canada	17,376	Oats
	Total	210,911	
November	Canada	51,229	Wheat
	Canada	7,077	Oats.
	U S A	100,807	Wheat
	U S A	6,986	Wheat equivalent of 5,589 tons of flour at 80% extraction Basis.
	U S A	11,000	Milo
	Australia	9,544	Wheat
	Australia	12,322	Wheat equivalent of 8,995 tons of flour at 73% extraction Basis.
	Turkey	8,412	Wheat
	Turkey	36,490	Barley
	Argentina	27,478	Maize
	Argentina	8,250	Millets.
	Burma	200	Maize
	Iraq	37,048	Barley.
	Egypt	2,283	Millets
	Abbyssenia	395	Millets.
	Total	319,521	
December	U S A	61,599	Wheat.
	U S A	15,490	Wheat equivalent of 12,392 tons of flour at 80% extraction Basis.
	U S A	4,430	Maize
	U S A.	29,458	Milo
	Canada	2,000	Wheat.
	Turkey	6,100	Wheat.
	Turkey	18,148	Barley.
	Argentina	29,034	Maize
	Argentina	7,033	Millets.
	Iraq	8,044	Barley.
	Iraq	1,000	Millets.
	Total	182,336	

RICE.

(i) Arrivals against 1945 programme
29,368

January

(ii) Arrivals against 1946 programme.

	From	Tons
May	Burma.	9,381
June	Burma.	24,377
July	Burma	36,568
	Siam	8,700
	Saigon	3,890
	Total	49,158

		From	Tons	
August	Burma.	.	23,908	
	Brazil .	.	9,500	
	Total		32,408	
September	Burma.	.	54,248	
	Java .	.	4,000	Rice equivalent of 6,019 tons of Paddy.
	Total		58,248	
October	Brazil		19,376	
	Java		12,000	Rice equivalent of 18,330 tons of Paddy.
	Total		31,376	
November	Burma.	.	10,045	
	Siam .	.	9,000	
	Brazil	.	8,498	
	Java]	.	9,800	Rice equivalent of 14,714 tons of Paddy.
	Total		37,343	
December	Burma		40,743	
	Brazil		1,818	
	Siam .		8,000	
	Java		3,308	Rice equivalent of 4,962 tons of Paddy.
	Total		53,869	

IMPORTED FOODGRAINS—ARRIVALS DURING JANUARY 1947

1 FOODGRAINS OTHER THAN RICE.

(a) Arrivals against shipments made in 1946

		From	Tons	
January 1947	U.S.A.	.	74,982	Wheat.
	U.S.A.	.	2,815	Wheat equivalent of 2,380 tons of flour at 80 per cent extraction basis
	U.S.A.	.	8,425	Maize.
	U.S.A.	.	11,225	Milo.
	Turkey	.	7,544	Wheat.
	Turkey	.	37,497	Barley
	Argentina	.	39,100	Maize
	Argentina	.	17,833	Barley.
	Argentina	.	350	Oats.
	Argentina	.	2,032	Millets.
	Iraq	.	7,731	Barley.
	Canada	.	7,874	Oats.
	Total		217,408	

(ss) Arrivals against 1947 shipments.

January 1947	Iraq .	.	2,500	Barley.
	Argentina	.	8,023	Maize.
	Total		10,523	

2. RICE.

(v) Arrivals against 1946 programme			
	From	Tone	
January, 1947	Burma	13,852	Rice
	Brasil	25,764	Rice
	Java	8,303	Rice equivalent of 4,954 tons of Paddy
	Total	42,919	

" (vi) Arrivals against 1947 Programme."			
January, 1947	Saigon	7,286	Rice.
	Burma	28,172	Rice.
	Java	3,654	Rice equivalent of 5,482 tons of Paddy.
	Total	39,112	

Seth Govind Das Is it a fact that even now we are paying a much higher price for these imported articles than the price prevailing in this country ?

Mr. K. L. Panjabi Yes, Sir.

Prof. N. G. Ranga Is it a fact that the Government of Burma purchases paddy and rice in Burma and then sells it to the Government of India at a much higher price than its own purchase price ?

Mr. K. L. Panjabi I had an opportunity of discussing this matter with the Honourable the Finance Minister of the Government of Burma and other officers, and they claimed that the Burma Government was making no surcharge and there was very little profit over the procurement price. There are certain complicating factors in the sense that over and above the procurement price which the Government of Burma pay they also pay subsidy to the agriculturist on the basis of acreage under rice and make certain advances to them. Therefore, they contended that when all these things are taken into consideration, the surcharge available to the Burma Government is very small, if any.

Mr. Manu Subedar : Is it not a fact, as was stated by the Honourable the Finance Member, or have we understood it wrongly, that it is His Majesty's Government who are profiteering on rice supplied to this country and not the Burma Government ?

Mr. K. L. Panjabi : The procurement of rice is not done by the Ministry of Food but by the Government of Burma and the question of any profit being made by the Ministry of Food does not arise.

Seth Govind Das : Will the Government see that whatever rice is imported into this country from Burma, His Majesty's Government is not allowed to make any profit on it ?

Mr. K. L. Panjabi : I have already stated that His Majesty's Government are not procuring rice in Burma.

Prof. N. G. Ranga . Does the report that the Government of India must be receiving from their Agent in Burma agree with the explanations given by the Finance Minister of Burma in regard to these prices ?

Mr. K. L. Panjabi : The Finance Minister of Burma has very kindly agreed to send full details of the price at which they purchase and the price at which they sell and also the other costs incidental to procurement.

EXTENT OF FOOD SHORTAGE DURING 1947

1276. *Seth Govind Das: Will the Secretary of the Food Department be pleased to state—

- (a) the extent to which India is likely to be short of food during 1947;
- (b) the main food grains in which there will be shortage,
- (c) the Provinces or zones where scarcity is likely to be felt,
- (d) the quantity needed by each zone or Province,
- (e) the arrangement if any, made by Government with any country or with the World Food Council, for the supply of the deficit quantity,
- (f) whether Government are sending their representatives to the countries whence exports to India are necessary, and
- (g) the system under which the purchases are being made on behalf of India?

Mr. K. L. Panjabi: (a) On present information it is estimated that our import requirements during 1947 will be about 4,000,000 tons at the present scale of rations. This estimate will, however, require revision in the light of the outturn of the current Rabi crop.

(b) Rice, Millets and wheat.

(c) Bombay, Madras, Bihar, U P., *Bengal, Mysore, Travancore, Cochin Decan States, Rajputana, Central India and Western India States are the principal deficit areas.

(d) to (g). A statement is laid on the table of the House.

Statement

In regard to rice and millets these areas have declared the following deficits for the Kharif year 1946-47 (October-November).

Provinces/States	('000 tons)	
	Rice *	Millets
Bombay	192	354
Madras	379	Nil
Bihar	303	43
U P.	180	Nil
Bengal	975	Nil
Mysore	85	32
Travancore	379	Nil
Cochin	85	Nil
Deccan States	30	74
Rajputana	13	85
Central India	6 5	37
Western India States	28	92

Information regarding rabi deficits will be available only in May

The International Emergency Food Council makes allocations of rice by sources and our share has been allotted from South East Asia and Brazil. In South East Asia the transactions are on a Government to Government basis and in Brazil purchases are made by His Majesty's Government on our behalf. As regards cereals other than rice, the International Emergency

Food Council makes recommendations regarding the distribution of total available supplies but has not so far indicated the sources from which our share should come. The allocation of rice for the first six months of 1947 is 41 million tons. The recommended programme for other cereals is an annual one and for the period July first 1946 to June 30th 1947 we have an allocation of 2.3 million tons of which .95 million tons remain to be shipped during the first six months of this year. No allocations have yet been made for the second six months of 1947. In order to procure our share in cereals other than rice we approach the exporting Governments direct or purchase through the trade according to the circumstances of each case. Representations are made to the Governments concerned and whenever necessary we send representatives to the supplying countries. A representative of the Food Department recently visited Iran, Iraq and Ethiopia and a Mission headed by Dewan Chaman Lal was sent to Argentine last summer to help in securing export permits for the grain that we had purchased in that country and to investigate the possibilities of further purchases. There is at present a representative of the Food Department in Argentina to help the Indian Trade Commissioner in making further purchases in that country. The Government of India has its regular ambassadorial or consular representatives in the United States of America, Canada, Burma, Australia, Siam and Singapore as well as a special staff in Indonesia. All these are charged with the constant duty of watching India's food interests and every endeavour is made to give them special assistance whenever necessary.

Seth Govind Das : With regard to part (c) of the question, the Honourable Member has not mentioned the Central Provinces. Does he know that the Rabi crop has failed there and it would be a deficit province now?

Mr. K. L. Panjabi : I have mentioned Central India. Specific mention of Central Province is an omission which I regret.

Prof. N. G. Ranga : Has any effort been made to import foodgrains from the Soviet Russia?

Mr. K. L. Panjabi : I answered that question only last week. I then pointed out that an effort was made but we were informed that owing to drought there was no exportable surplus in the U.S.S.R.

Prof. N. G. Ranga : What is the answer to part (f) of this question?

Mr. K. L. Panjabi : The answer is that a statement is laid on the table of the House.

Prof. N. G. Ranga : What is the answer to part (f)? It does not require any statement?

Mr. K. L. Panjabi : The statement contains all the information.

Mr. President : The statement may be studied separately and if other questions are found necessary, they may be put later on?

Mr. Manu Subedar : This statement will go into print in due course and we will not get a copy for three months?

Mr. President : Copies can be had just now if required.

Seth Govind Das : Will the requirements from imports this year be less than what it was in previous years?

Mr. K. L. Panjabi : No, Sir. The requirement is approximately the same.

Prof. N. G. Ranga : What steps have been taken to put a stop to the wrong practice referred to by Mr. Chaman Lal? The Government representative in Argentina and the High Commissioner for Indian Government in London were bidding against each other for the same Argentine foodgrains?

Mr. K. L. Panjabi : There is only one authority which purchases on behalf of the Food Department in various countries.

Sri M. Ananthasayanam Ayyangar : Are all the four million tons going to be imported from abroad or are any efforts being made to grow more food in India itself by giving contributions to provinces for irrigation and other purposes?

Sir Pheroze Kharegat: The position is that the Centre proposes to give block grants to provinces for development schemes which will in future include grow more food schemes as well. In other words, it has been decided that no separate grants will be given to the provinces for growing more food and they are expected to find the money required from block grants given to them for development purposes.

Seth Govind Das: Is it a fact that whatever was required was not possible to be imported last year and is it expected that this year it will be imported?

Mr. K. L. Panjabi: I am not at all sure. We will do our best.

Dr. Zia Uddin Ahmad: Has the Honourable Member taken into account the 3 million tons which the Secretary for Agriculture referred as being derived from grow more food campaign before arriving at the calculation of four million tons?

Mr. K. L. Panjabi: Yes, Sir. This has been taken into consideration because the surplus provinces have declared what their surplus is.

Dr. Zia Uddin Ahmad: On the floor of the House we were told that three million tons were expected from the grow more food campaign. Has this been taken into account?

Mr. K. L. Panjabi: Yes, Sir.

Sri V. C. Vellingiri Gounder: Are the shipping charges for bringing food products the same as last year?

Mr. K. L. Panjabi: Shipping charges vary according to the circumstances. I have not got exact information here.

Sri V. C. Vellingiri Gounder: Shipping charges come to very big figures. Will the Honourable Member enquire whether there are favourable rates?

Mr. K. L. Panjabi: We are doing our best to get as low shipping charges as possible.

EXPERIMENTS IN BENARES UNIVERSITY IN GROWING OF CROPS WITHOUT WATER

1277. ***Pandit Sri Krishna Dutt Paliwal:** Will the Secretary of the Department of Agriculture please state

(a) whether the attention of Government has been drawn to the successful experiments of growing crops without water carried out by Dr. Nandlal Sharma a research Fellow of the Benares Hindu University, and

(b) whether Government propose to test the practicability of these experiments on adequate scale so as to be able to make use of them on a large scale?

Sir Pheroze Kharegat: (a) Government are aware of the claims made by Dr. Sharma.

(b) Government are advised that the results obtained by Dr. Sharma appear to have no practical applicability. He has been asked to publish the results of his investigations in some scientific journal for discussion by competent persons.]

Prof. N. G. Ranga: Have the Government no competent body of scientists here who can be expected to study the results of these experiments and advise them thereon?

Sir Pheroze Kharegat: Their advice has been obtained, it is adverse.

REVERSION OF MUSLIM EMPLOYEES ON DEPUTATION IN THE OFFICE OF DIRECTOR GENERAL OF INDUSTRIES AND SUPPLIES

†1276. *Mr. Ahmed E. H. Jaffer: (a) Will the Honourable Member for Industries and Supplies please state what policy is being followed in reverting the deputationists who are at present working in the Directorate General of Industries and Supplies to their parent offices?

(b) While reverting Muslim deputationists to their parent offices what steps are being taken to ensure that the percentage of Muslims in every grade is not reduced?

The Honourable Sri C. Rajagopalachari: (a) Deputationists from other Departments of the Government of India or Provincial Governments may be reverted without a request from the parent office if they are found unsuitable for retention or become surplus to the requirements of the Department. When requests for return of the deputationists are received from other Departments of the Government of India they are considered with due regard to the requirements of the Department, as also to those of the parent office to ensure that the services of trained and experienced officers are utilized to the best advantage.

(b) In making reversions, the communal ratios are borne in mind. This cannot, however, be the sole consideration as seniority and experience have also to be considered and reversion to another Department does not affect the communal ratios of Government servants as a whole.

Against a total of twelve persons actually reverted since September 1946, seven were Hindus, three were Muslims, and two were Sikhs. In the case of eight more persons, five of whom are Muslims and the others Non-Muslims, requests received for reversion have been refused.

FACILITIES TO OFFER PRAYER DURING OFFICE HOURS TO MUSLIM EMPLOYEES OF THE POSTS AND TELEGRAPHS DEPARTMENT

1279. *Mr. Tamizuddin Khan: (a) Will the Secretary of the Communications Department be pleased to state what facilities, if any, are given to Muslim employees of the Posts and Telegraphs Department to offer their prayers (*namaz*) during office hours?

(b) Is any recess given to such employees for joining congregational Jumma prayers on Fridays?

(c) If so, what is the duration of the recess and is it given in all the Posts and Telegraph Offices in British India?

Mr. Masarrat Husain Zuberi: (a) All reasonable facilities are given to Muslim employees to offer their daily prayers during office hours when requests are made.

(b) Yes

(c) A recess ranging from one to one and half hours is allowed for Jumma prayers. As far as possible it is given in all Posts and Telegraphs Offices in British India.

APPOINTMENT OF INDIANS AS GENERAL MANAGERS OF RAILWAYS

1280. *Sri R. Venkatasubba Reddiar: Will the Honourable Member for Railways be pleased to state

(a) the number of vacancies that are likely to arise in the posts of General Managers in the several Railways in the year 1947-48,

†Answer to this question laid on the table, the questioner having exhausted his quota.

(b) the number of Indians who are likely to be appointed to those posts; and
 (c) whether Government propose to consider the desirability of examining all cases in which a junior European has superseded a senior Indian in such appointments?

The Honourable Dr. John Matthai (a) Two

(b) One

(c) This question does not arise as all superior appointments receive the personal attention of the Member-in-Charge.

Prof. N. G. Ranga In the light of their own decision to Indianise these posts as early as possible, will Government adopt the policy of appointing only Indians to these senior most posts?

The Honourable Dr. John Matthai : When this question was raised during the budget discussion, I took occasion to state Government's policy in this matter which is briefly this that Government are anxious to Indianise the superior services as early as possible and with that end in view Government have decided that no recruitment of non-nationals should be made hereafter. As far as Railways are concerned no recruitment has been made of non-nationals since 1941. Now as regards the question of promotions, the position of Government is that as far as the existing personnel is concerned, if a person is entitled on grounds of seniority, merit and actual record of work done for Government, there should be no discrimination either way against him on racial grounds.

Sri M. Ananthasayanam Ayyangar : Have not a number of cases been brought to the notice of the Honourable Member that under company management a number of Indian Officers have been deliberately superseded by junior European officers who are now holding the posts and it will be a long time before they go out and before the whole railway administration can be completely Indianised?

The Honourable Dr. John Matthai : I submit that question does not arise.

Sri M. Ananthasayanam Ayyangar : Why have no attempt been made to completely Indianise within the course of the next one or two years even giving compensation to European personnel in higher posts so that they might go away?

The Honourable Dr. John Matthai : I have stated the Government's policy in this matter.

MIXING OF CALCIUM IN *Atta*

1281. ***Pandit Sri Kriahna Dutt Pahwal**: Will the Secretary of the Food Department be pleased to state

(a) whether Government are aware that the Rationing Department, Delhi, is negotiating or has negotiated with a chemist's firm in New Delhi for the supply of calcium of good quality for mixing with *atta* and *maida* to increase their nutritive value,

(b) whether Government are aware that the *atta* supplied at present is of poor quality, and

(c) whether Government have satisfied themselves that the addition of calcium will not spoil the taste or colour of the *chapati* or bread?

Mr. K. L. Panjabi : (a) Enquiries were made from a Chemist's firm in Bombay regarding the supply of good quality calcium carbonate to be mixed with *atta* and issued with wheat to consumers, but arrangements have not yet been finalised.

(b) *Atta* supplied at present is not of poor quality but as it is milled from over-seas wheat, it is not popular with consumers used to Punjab wheat.

(c) Yes, Sir It is proposed to mix calcium carbonate to fortify *atta* in the proportion of 1 to 640 parts This does not affect the taste or flavour of *chapatties* or bread I might mention that this practice is already in vogue in Bombay

Prof. N. G. Ranga : Are Government aware of the fear prevailing in certain quarters that the powder made out of certain roots is being mixed with the *atta* that is sold here ?

Mr. K. L. Panjabi : I am not aware of that.

Prof. N. G. Ranga : Will Government make inquiries ?

Mr. K. L. Panjabi : We will

Lala Deshbandhu Gupta : How long has this practice been in vogue in Bombay ?

Mr. K. L. Panjabi : I am not quite sure, but I think about a year.

Lala Deshbandhu Gupta : And what has been the public reaction to it ?

Mr. K. L. Panjabi : The public reaction, so far as I am aware, has been favourable

Lala Deshbandhu Gupta : Does the public know about it ?

Mr. K. L. Panjabi : Yes, Sir, it has been given publicity.

INTRODUCTION OF AUTOMATIC TELEPHONE SYSTEM IN CALCUTTA

1282. ***Mr. Tamizuddin Khan :** Will the Secretary of the Communications Department be pleased to state

(a) whether Government propose to introduce the automatic system in the Calcutta Telephone Exchange,

(b) if so, when the proposal is likely to materialise, and

(c) if not why not ?

Mr. Masarrat Hussain Zuberi . (a) Yes

(b) It is expected that the automatisation will begin in 1949-1950 if no unforeseen circumstances interfere with the progress of the Scheme.

(c) Does not arise

Mr. Tamizuddin Khan : Is it proposed to introduce the system region by region or simultaneously in the whole city ?

Mr. Masarrat Hussain Zuberi . It is quite obvious that it cannot be taken up at once in all the sections of the city A beginning has to be made somewhere and progress made gradually.

Mr. Manu Subedar : Have government made any effort, and if so what? to see that any manufacturing capacity in this country for the supply of any part with regard to these major changes in the telephone system is not left unprovided and that it is very fully utilised ?

Mr. Masarrat Hussain Zuberi : Sir, I am afraid that it does not arise out of the question but I can reply to it Before the war there was only one factory which was manufacturing telephone equipment in India. During the war we took over one more that was at Bombay and established a third one at Jubbulpore. In the post-war plans we have got schemes of expansion of all the three.

Sri M. Ananthasayanam Ayyangar : Is it not a fact that in the Alipore factory a number of hands were sent away who were quite competent to manufacture this and the quantity of manufacture has gone down ?

Mr. Masarrat Husain Zuberi : That again Sir, I submit, does not arise out of the question but I am prepared, if permitted, to reply to that also. There was a proposal about a year ago to shut down the Alipore factory and shift it to Jubbulpore and concentrate all manufacture there. But because of the protests made and further investigation done it was decided to keep the Alipore factory going. So there has been no sending away of men.

Sri M. Ananthasayanam Ayyangar : May I know the cost of the change-over to the automatic system in Calcutta ?

Mr. Masarrat Husain Zuberi : It will be about eight crores.

Mr. Tamizuddin Khan : Is it proposed to revise the present rates ?

Mr. Masarrat Husain Zuberi : I shall require notice of that question

Sri M. Ananthasayanam Ayyangar : Has not the change-over been entrusted to a European concern who originally estimated the cost at two and a half crores which then went up gradually to five, six and seven crores ?

Mr. Masarrat Husain Zuberi : This is only an estimate ; the detailed report is still awaited.

Sri M. Ananthasayanam Ayyangar : My question is whether the original estimate was two crores and then it has gone up to seven crores

Mr. Masarrat Husain Zuberi : It may be so—I am not sure about it. But the explanation for that may be that at first it was decided that there would be lines only for 54,000 connections. Now the plan is to provide for 20 year expansion and for 90,000 connections

Dr. Zia Uddin Ahmad : Is it not a fact that in Delhi you have provision for 4,000 and in Bombay for 5,000 and it is, 90,000 in Calcutta ?

Mr. Masarrat Husain Zuberi : I do not think so

Sri M. Ananthasayanam Ayyangar : May I know if all the material necessary is sought to be purchased through the agency of this firm in foreign countries ?

Mr. Masarrat Husain Zuberi : No, Sir.

PROPORTION OF MUSLIMS AND SCHEDULED CASTES IN APPOINTMENTS IN BENGAL ASSAM CIRCLE OF P. & T. DEPARTMENT.

1263. ***Mr. Tamizuddin Khan :** Will the Secretary of the Communications Department be pleased to state :

(a) the number of Superintendents, Gazetted Post-Masters, Post Masters of Grade B, Inspectors and Selection Grade Officers in the Bengal and Assam Circle of the Posts and Telegraphs Department and how many of them are Muslims, scheduled castes and others; and

(b) in case the appointments held by any communities are short of the quota allotted to them, whether Government propose to make up the deficiencies?

Mr. Masarrat Husain Zuberi : (a) A statement containing the required information is placed on the table of the House.

(b) The postings to various Circles are made according to administrative convenience and not on communal grounds. The question of making up deficiencies in the service as a whole is however engaging the attention of the Government.

**SPLITTING UP INTO TWO CIRCLES OF ASSAM BENGAL CIRCLE OF P. & T.
DEPARTMENT**

1284. *Mr. Tamsiuddin Khan: Will the Secretary of the Communications Department be pleased to state

(a) whether the Assam Bengal Circle of the Posts and Telegraphs Department has been split up into two independent circles,

(b) if so, the percentages of appointments that have been reserved for different communities in each of the two circles, and

(c) if any reservations have been made, whether they are in accordance with the proportions of the communities concerned in the population of each circle; and if not, the reasons therefor?

Mr. Masarrat Husain Zuberi : (a) Yes

(b) and (c) The matter is under consideration

**GRANT OF AN "F" GROUP LICENCE FOR HANDLOOMS TO MESSRS SOOBASHAH
TEXTILE LTD OF CALCUTTA**

1285. *Dr. Zia Uddin Ahmad: Will the Honourable Member for Industries and Supplies please state

(a) whether it is a fact that Messrs Soobashah Textiles Ltd, of Calcutta applied for an "F" Group License for 75 handlooms, on the ground that these handlooms were required for manufacturing articles for the purpose of Relief Committees functioning in Bengal and Behar and that the same was negatived by the Commissioner of Textiles, Government of India, Bombay; if so, the reasons therefor.

(b) whether the applying party had also mentioned that a number of refugees would be provided with work at the installation of the looms, and

(c) whether Government propose to consider the advisability of granting Licenses in such cases?

The Honourable Sri C. Rajagopalachari : (a) and (b). The answers to the questions are in the affirmative. But on account of well known insufficiency of yarn, quotas are given only for looms in operation before 30th September, 1944. The available supplies are not sufficient to cater for looms that have been in existence for years before that date. The party concerned appears to have been operating 75 looms already and was intending to double his concern on the ground of temporary relief-work proposed to be undertaken. The concerned Provincial Government could give what it considered fit out of its quota. There is no residuary stock on which this Government could operate in favour of such applicants outside the quotas distributed to several provinces. The Government of Bengal could have recommended for allocation out of its quota to this applicant in spite of the looms being new. This was not done presumably because its quota was not capable of bearing extended distribution.

(c) The suggestion cannot be worked. Very noble objects have to be regrettably left unfulfilled when there is not enough of the required material to go round.

Dr. Zia Uddin Ahmad : Is the Honourable Member aware that in the U. P. the handloom weavers work for only three days in a month and are idle for 27 days on account of the shortage of yarn?

The Honourable Sri C. Rajagopalachari : I am aware of want of full capacity employment in the provinces but three days out of a month is perhaps an exaggeration.

Dr. Zia Uddin Ahmad : It is not an exaggeration in my constituency at least because I have received a deputation on this question. Is the Honourable Member aware that a good portion of the yarn supplied to the U. P. has been taken by manufacturers and has not gone to the handloom weavers ?

The Honourable Sri C. Rajagopalachari : That is the responsibility of the provinces. The quota supplied to a province is to be distributed by the province in accordance with its own rules and regulations.

Dr. Zia Uddin Ahmad : You have created such a situation by placing the handloom weavers at the mercy of the manufacturers

Mr. President : Order, order ; next question

EXPORT OF ANIMAL FLESH

1286. *Pundit Thakur Das Bhargava: (a) Will the Secretary of the Food Department kindly state whether flesh (dried or otherwise) of animals is exported from India. If so, to what countries and of which animals?

(b) What are the quantities of exports for each year during the period 1942—46?

Mr. K. L. Panjabi : (a) Export of fresh, dried, canned or any other sort of meat from India is prohibited, with the exception of piggery products the export of which has recently been permitted.

(b) I regret the information is not available.

REPORT OF THE VANASPATI ADVISORY COMMITTEE

1287. *Pundit Thakur Das Bhargava: (a) Will the Secretary of the Food Department kindly state whether the Vanaspati Advisory Committee has submitted its report to Government?

(b) What are the names of the members of the Committee?

(c) If the reply to part (a) be in the affirmative do Government propose to place a copy of the report in the Library of the House or circulate the same to the members of the House?

(d) Have Government passed any orders on the said report?

(e) Has the report been published?

(f) Do Government propose to invite public criticism on it and defer their orders until the general public have expressed their opinion?

Mr. K. L. Panjabi : (a) Yes, Sir

(b) A list of members is placed on the table of the House.

(c) A copy of the Report is placed in the library of the House

(d) No, Sir. These are now kept pending the results of research in the nutritive value of Vanaspati.

(e) No, Sir.

(f) Government have been receiving, and will no doubt continue to receive, criticism on the form of control which Government should adopt towards this industry.

Members of the Vanaspathi Advisory Committee

Chairman —Vishnu Sahay, Esq., I C S, Vegetable Oil Products Controller.

- 1 Sir Pheroze Kharegat or his nominee,
(representing the Agriculture Department)
- 2 S Y Krishnaswami, Esq., I C S,
(representing the Madras Government)
- 3 Dr J L Sarin,
(representing the Punjab Government)
- 4 Mr Raghunath Rao Bhau Rao Patil,
(representing the Bombay Government)
- 5 Mr D Y Athawale, Principal, Harcourt Butler,
Technological Institute, Cawnpore
- 6 Dr V K R V Rao,
Planning Advisor, Food Department
- 7 Dr B C Guha,
Chief Technical Advisor, Food Department
- 8 Mr C S Pettit of Messrs Hindustan Vanaspathi Mfg Co, Bombay
- 9 R B Mahanarain of Ganesh Flour Mills Co, Delhi, Cawnpore, and Lyallpur
- 10 R B Harishchandra, Advocate, Delhi
- 11 Dewan Kamakhya Datta Ram, Lucknow
- 12 Sir S K Saumukham Chetty,
(to represent the Chancellor of the Chamber of Princes)
- 13 Mr Zahid Hussain,
(to represent Indian States)

Dr. Zia Uddin Ahmad : In view of the fact that Vanaspathi has no food value at all and is therefore not a food, why should it be under the Food Department and not transferred to the Supply Department ?

Mr. President. That has been replied to

(b) WRITTEN ANSWERS

REPRESENTATION OF ALL-INDIA KISAN CONGRESS ON THE CENTRAL FOOD ADVISORY COUNCIL

1288. ***Prof. N. G. Ranga:** (a) Will the Secretary of the Food Department be pleased to state when the Central Food Advisory Council was formed and when it is due to be re-constituted?

(b) Who are its members?

(c) Are any peasant organizations like the All-India Kisan Congress given any representation and if not, whether such representation will be given, if so, when?

(d) Is it a fact that the Federation of Rural Peoples Organizations asked for representation on this Council more than one year ago and if so, what action has so far been taken to give it representation?

(e) How often has this Council met during the year 1946 and what were its recommendations?

Mr. K. L. Panjabi : (a) The present Central Food Advisory Council was formed in March, 1944. The question of its reconstitution will be taken up after the re-organisation of the Food and Agriculture Departments, which is in hand

(b) A list of the members is laid on the table of the House

(c) and (d). The Honourable Member himself was requested in August last to accept membership of the Council to represent the interests of the peasants, but no reply was received from him.

(e) The Council met once during the last year and a copy of its proceedings is laid on the table of the House †

LIST OF MEMBERS OF THE CENTRAL FOOD ADVISORY COUNCIL

NAMES	
1 Syed Aizaz Rasool, M L A	} Representatives of Producers and Land lord
2 Nawab Major Jamshed Ali Khan, M B E	
3 Sir Williams Roberts, C I E, M L A	
4 Raja Sahib of Jahangrabad	
5 Sir Datar Singh	
6 Sardar Vivek Singh	
7 Ch. Mukhtar Singh	
8 Sir Mani Lal B. Nanavati	
9 Mr. Ivor Bull, M B E	
10 Mr. B. Ramachandra Reddy, C B E	
11 Hon'ble Mr. H. D. Townend, (Associated Chamber of Commerce)	} Representatives of Chambers of Commerce
12 Mr. Gurusaran Lal (Federation of Indian Chamber of Commerce)	
13 Mr. Fazulbhoi I. Rahimtoola, C I E, J P	} Representatives of Trade
14 Sir Purshotamdas Thakardas, C I E, M B E	
15 Mr. D. P. Khaitan, M L A	
16 Sarda Sontokh Singh, ex M L A	
17 Mr. Mohd. Hussain Hashim Premji	
18 Mr. Hussainbhoi A. Lalljee	
19 Mr. N. C. Mehta I C S (Retd.)	} Representatives of Banks.
20 Mr. G. D. Puri.	
21 Mr. S. R. Jariwala,	
22 Col. B. H. Zaidi, C I E	} States Representatives
23 Mr. Narayan Iyer	
24 Mr. K. F. Haider	
25 Mr. Mir Akbar Ali Khan, Bar at-Law	
26 Dewan Bahadur Sir T. Vijayaraghavacharya, K B E	} Leaders of Public Opinion
27 Dewan Bahadur Sir Gopalaswami Ayyangar, C S I, C I E	
28 Hon'ble Pandit H. N. Kunzru	
29 Sir Shanmukam Chetty, K C I E	
30 Seth Yusuf Abdullah Haroon, M L A	
31 Mr. Neville Wadia	
32 Sir Madhorao G. Deshpande	
33 Mr. N. R. Saikar	} Women's Representatives
34 Begum J. A. Shah Nawaz, M B E	
35 Rani Phul Kumari (of Sherkot), M B E	} Labour Representative
36 Prof. G. D. Parikh	
37 Prof. Subramanyam	
38 Prof. N. G. Ranga.	} Acceptance not yet received

SELECTION OF MEMBERS OF PRICES ADVISORY COUNCIL OF THE FOOD DEPARTMENT

1289. *Prof. N. G. Ranga: Will the Secretary of the Food Department be pleased to state

(a) whether there is a Prices Advisory Council attached to the Food Department;

(b) who its members are and how they are selected;

†Not printed in these Debates. A copy placed in the Library.—ED. of D

(c) whether the Federation of Rural Peoples Organizations has been given any representation on it, and if not, when such representation will be given; and

(d) how often this Council meets, when it met last and what were its recommendations?

Mr. K. L. Panjabi : (a) Yes, Sir.

(b) The Committee consists of representatives of the Federation of Indian Chambers of Commerce and Industry, Associated Chambers of Commerce and of Bengal and Punjab Producers, and a non-official trade representative, in addition to representatives of the Departments of Food, Agriculture and Finance of the Government of India.

(c) No, Sir. In view of the setting up of the Commodities Prices Board, the Price Advisory Committee of the Food Department will now cease to function.

(d) The Committee normally met twice a year. Its last meeting was held in October 1946 to consider the prices of Kharif grains. The recommendations of the Committee are treated as confidential.

ACUTE SHORT SUPPLY OF SOFT COKE DUE TO SHORTAGE OF WAGONS

1290. *Mr. Nagendranath Mukhopadhyay : Will the Honourable Member for Industries and Supplies be pleased to state

(a) whether Government are aware that there is an acute shortage of soft coke (house coal) for domestic consumption in all towns and cities in India and particularly in the Province of Bengal, if so, the reasons therefor;

(b) whether Government are aware that there has been no regular supply of wagons for a long time past for soft coke loading, and

(c) in view of the great hardship caused to the people by reason of non-supply of soft coke, whether Government propose to place the supply of wagons for soft coke loading on a high priority along with other essential supplies?

***The Honourable Sri C. Rajagopalachari :** (a) Government are aware that the supply of soft coke for domestic consumption has been short for some months past, the reason being the restricted transport available for coal movements. This has affected coal supplies to all classes of consumers.

(b) It is not a fact that there has been no regular supply of wagons for moving soft coke. Wagons are allotted with due regard to the requirements of all classes of consumers. Average despatches of soft coke in recent months of admitted shortfall have been about 45,000 tons or about 67 per cent. of allocations. Despatches to industries during these months have been 75 per cent. of allocations.

(c) Instructions have been issued requiring that the needs of domestic consumption should be borne in mind. It is difficult to compare the importance of essential things, but it should be remembered that railways, mills and electric utilities have no alternative supplementary fuel whatsoever, which is not quite the case with domestic fireplaces.

TARGET OF SOFT COKE PRODUCTION

1291. *Mr. Nagendranath Mukhopadhyay : (a) Will the Honourable Member for Industries and Supplies be pleased to state what is the present target of soft coke production?

(b) What steps have Government taken to reach the target?

The Honourable Sri C. Rajagopalachari : (a) The Indian Coalfields' Committee have recommended that the increased use of soft coke for domestic purposes up to a target of about 2 3 million tons by 1956 should be aimed at. The present target for despatches of soft coke is about 800,000 tons per annum and actual production probably exceeds this figure

(b) The recommendation of the Indian Coalfields' Committee must be viewed in the light of the available movement capacity. In developing our plans about transport we will undoubtedly take into account the need for increased use of soft coke as domestic fuel

PRIORITIES FOR LOADING BRICK BURNING COAL

1292. *Mr. Nagendranath Mukhopadhyay Will the Honourable Member for Industries and Supplies be pleased to state whether it is a fact that supply of wagons for loading brick burning coal is on a very low priority, and if so, whether in view of the extreme housing shortage in the country, Government propose to consider the advisability of giving it a higher priority?

The Honourable Sri C. Rajagopalachari : It is true that coal for brick burning enjoys a lower priority than coal for Railways, bunkers, iron and steel works, cotton mills etc. On the other hand, supplies of brick-burning coal are maintained during the monsoon months, unlike as for other seasonal consumers, so as to enable kilns to build up reasonable stocks at the start of the brick-burning season. With restricted rail transport, it has not been possible lately to meet the full demand. As soon as transport position improves, coal supplies for brick-kilns will be augmented.

EXTENSION TO COAL COMMISSIONER

1293. *Mr. Nagendranath Mukhopadhyay : (a) Will the Honourable Member for Industries and Supplies be pleased to state whether Government have given any extension to the present Coal Commissioner since the expiry of his normal tenure?

(b) Have Government made any recommendation so far for the better administration of coal fields, improvement of coal trade and for the better distribution of coal to different consuming groups?

(c) If so, what are those recommendations and how far they are acted upon? If no action has been taken, why?

The Honourable Sri C. Rajagopalachari : (a) Yes, Sir. He is being re-employed as Coal Commissioner for a further period of one year from the 25th February 1947.

(b) and (c) The Honourable Member is perhaps referring to the recommendations of the Indian Coalfields Committee which submitted its report in September last. The recommendations of the Committee cover a wide field and are under consideration by Government. A copy of the report is available in the Library of the House.

LAWLESSNESS IN DARBHANGA AND ON RAILWAY TRAINS ON THE O T RAILWAY

1294. *Mr. Madandhari Singh : (a) Will the Honourable Member for Railways be pleased to state whether the attention of Government has been drawn to the news published in the *Indian Nation* of the 14th March 1947 under the heading "Lawlessness in Darbhanga"?

(b) Are Government aware that lawlessness in railway trains on the Oudh and Tirhut Railway has now reached its zenith and both life and property of the travelling public are in danger?

(c) Is it a fact that two thousand labourers from Bahera travelled without tickets in their hunger march from Sakri sitting not only in coaches, guard's van and engine room, but also on the roof of the train on 11th March 1947?

(d) If the answers to parts (a) to (c) above be in the affirmative what actions have been taken or are proposed to be taken to put a stop to such lawlessness?

The Honourable Dr. John Matthai : (a) Yes

(b) Government are aware that disorderly conditions sometimes obtain, but they are unaware of any incidents which have placed the life and property of the travelling public in jeopardy

(c) On 11th March 1947, train No 46 down from Jaynagar to Samastipur arrived at Darbhanga at 14-15 hours with all compartments crowded out and with about three to four hundred passengers seated on the roofs and footboards of carriages and even on the engine. Many of these passengers belonged to the Kisan party and were travelling without tickets to Laheria Sarai to hold a party meeting there. They were removed from the roofs, footboards and engine with the help of the police.

(d) Everything possible is being done by the railway staff with the help of the available police to stop these irregular practices, but the desired result has not yet been obtained. The Provincial Government have been moved and they are taking appropriate action to increase the strength of the railway police. As the Honourable Member is aware, the Railways' (Emergency Provisions) Ordinance, 1946, promulgated in December 1946 provides for increased penalties for offences under the Indian Railways Act, 1890, such as needless interference with means of communication, maliciously hurting or attempting to hurt persons travelling by railway, maliciously wrecking or attempting to wreck a train etc

ADDITIONAL POSTMASTER GENERAL OF ORISSA

1295. *Sri Bhagirathi Mahapatra: Will the Secretary of the Communications Department please state

(a) whether it is a fact that the Additional Postmaster General of Orissa has been vested with full powers of the Postmaster General, and

(b) whether it is a fact that the office of the said Additional Postmaster General of Orissa is located at Puri instead of at Cuttack which is at present the seat of the Provincial Government and if so, why?

Mr. Masarrat Husain Zuberi : (a) No, the question of delegation of administrative and Financial powers of the Head of a Circle, to the Additional Postmaster General of Orissa, is under consideration.

(b) Yes, this has been done in consultation with the Provincial Government due to the dearth of accommodation at Cuttack. It is the intention to move the office ultimately to the site selected for the New Capital of Orissa

BUILDING FOR R M S OFFICE AT KHURDA ROAD STATION ON B N. RAILWAY

1296. *Sri Bhagirathi Mahapatra: Will the Secretary of the Communications Department please state

(a) whether there was a proposal for constructing a building for the location of the R M S. office at the Khurda Road station on the Bengal Nagpur Railway, and

(b) whether the said proposal has been given effect to; and if not, the reasons therefor?

Mr. Masarrat Husam Zuberi : (a) and (b). The proposal to open a Mail office at the Khurda Road Railway station is under consideration of Government and the availability of accommodation is under correspondence with the Railway

HEADQUARTERS OF THE SUPERINTENDENT OF R.M.S. DIVISION FOR ORISSA

1297. *Sri Bhagirathi Mahapatra : (a) Will the Secretary of the Communications Department please state whether Government are aware that the Headquarters of the Superintendent of the R.M.S. Division for Orissa have been located outside Orissa?

(b) If so, do Government propose to shift the same to Cuttack or to some suitable place in Orissa and if so, when?

(c) Do Government propose to take steps to prevent delay and detention of mail service between Cuttack and Vizianagram?

Mr. Masarrat Husain Zuberi : (a) There is no separate R.M.S. Division for Orissa. The R.M.S. 'N' Division serves not only Orissa but also the coastal portion of South Bengal (B.N. Railway line)

(b) No.

(c) Government are not aware of any delay in the disposal of mails between Cuttack and Vizianagram

IMPROVEMENT OF CATTLE AND PRODUCTION OF MORE MILK AND GHEE

1298. *Mr. Mohammad M. Kiledar : Will the Secretary of the Agriculture Department please state

(a) the steps Government have taken to improve the cattle of India, and

(b) what plans Government have to produce more milk and ghee which are essential for the health of the public?

Sir Pheroze Kharegat : (a) The improvement of cattle depends on three factors, viz (1) better breeding (2) better feeding and (3) disease control

The Indian Council of Agricultural Research has sanctioned a number of schemes under all three heads, a list of which is given in the annual report of that body, a copy of which is in the Library. The Central Government maintain pedigree herds at Delhi, Karnal, Izatnagar and Bangalore the offspring of which are available for grading up cattle. Institutions are maintained for research on cattle diseases, nutrition and dairying. A farm for breeding dual purpose animals is being established at Jubbulpore. A proposal for starting a farm for milk breeds has been recently sanctioned by the Standing Finance Committee on condition that as far as possible non-recurring expenditure (i.e. that on land and buildings) should not be incurred.

A statement is placed on the table showing the various breeding schemes included in the provincial five year plans. Gaushala development schemes are already in operation in Ajmer, Bengal, the C.P., Orissa, Sind and the U.P. Artificial insemination centres have been established at Izatnagar, Calcutta, Patna, Bangalore and Montgomery. Schemes for the salvage of dry cattle are in operation in Bombay and Madras and a scheme will shortly be started for the purpose in Calcutta.

The steps that are being taken for disease control through the increase of veterinary dispensaries, inoculation against contagious diseases etc., will help in increasing the cattle population.

The proposals for the increased cultivation of green fodder, the provision of sileage, the introduction of rotational grazing and the subsidised distribution of concentrates, will result in better and more cattle

(b) The plans for the increased production of milk and ghee include (i) the provision of the required type of technical staff, (ii) the carrying out of rapid surveys of milk producing and consuming areas, (iii) the increased production and conservation of green and succulent fodder, (iv) the distribution of concentrates at subsidised rates, (v) the provision of an adequate supply of water for cattle and dairying purposes in rural areas; (vi) the provision of facilities for the profitable marketing of milk and ghee on an organised basis (e.g. through rural cooperative milk unions and ghee societies), (vii) the establishment of farms for the production of breeding bulls, (viii) the salvage of dry cattle and the colonization of dislodged cattle from urban areas, (ix) the introduction of artificial insemination on a wider scale, and (x) the organisation and development of Gau-lalas for increased milk production

PROVINCIAL FIVE YEAR POST WAR PLANS FOR DEVELOPMENT
AND IMPROVEMENT OF CATTLE

		Rs
1 ASSAM	Preservation of productive cattle and young stock	(1,91,631)
2 BIHAR	(i) Establishment of a farm for breeding cattle at Pusa	(2,35,000)
	(ii) Establishment of breeding farm in Shahabad	(14,54,000)
	(iii) Establishment of breeding farm for draught cattle	(15,22,000)
	(iv) Establishment of buffalo breeding farm at Sogaya	(5,35,000)
	(v) Establishment of 5 Dairy Demonstration farms for cows and buffaloes	(30,47,000)
	(vi) Subsidising Gowshalas for breeding work	(3,00,000)
3 BOMBAY	Scheme for extensive work in livestock improvement (cattle breeding)	(6,05,000)
4 CP & BERAR	(i) Veterinary College and Livestock Research Institute	(15,73,000)
	(ii) Dairy units in towns	(39,17,000)
	(iii) Pedigree bulls	(3,25,000)
5 MADRAS	(i) Improvement of livestock	(62,50,000)
	(ii) Opening of livestock farm for each dist.	(37,86,000)
	(iii) Purchase of male breeding stock—grants for	(10,00,000)
6 N W F P.	(i) Establishment of buffalo and cow breeding farm at Peshawar	(12,12,227)
	(ii) Establishment of Dhanu cattle and ponies breeding farm	(8,70,050)
	(iii) Establishment of Lohani cattle breeding farm at Kohat	(6,39,869)
7 ORISSA	(i) Expansion of Provincial Livestock breeding farm at Angul (Cuttack)	(2,88,000)
	(ii) Establishment of District Breeding farm	(6,63,000)
	(iii) Supply of pedigree livestock to subsidised mixed farms	(37,000)
8. PUNJAB	Livestock breeding	(20,69,120)
9. U. P.	(i) Establishment of Livestock Research Station	(23,28,000)
	(ii) Establishment of Dairy Demonstration farms	(53,13,000)

FUNCTIONS OF ANIMAL HUSBANDRY COMMISSIONER AND CATTLE CONSERVATION OFFICER OF GOVERNMENT OF INDIA

1299. *Mr. Mohammad M. Killeidar: Will the Secretary of the Department of Agriculture please state, what are the functions of the Animal Husbandry Commissioner to the Government of India and the Cattle Conservation Officer of the Government of India, and what pay they receive?

Sir Pheroze Kharegat : The Animal Husbandry Commissioner is a whole-time officer of the Indian Council of Agricultural Research and advises the Council on all matters connected with research in animal husbandry and veterinary matters. He receives a salary of Rs 2,750 p.m. in the scale of Rs 2,500—125—2,750 *plus* an overseas pay of £13-6-8, when admissible.

The Cattle Utilisation Adviser renders technical advice as regards the proper management of gowshalas and the salvage of dry cattle. The present incumbent of the post was appointed in 1944 on a nominal pay of Re 1 p.m.

QUALIFICATIONS FOR THE POST OF ANIMAL HUSBANDRY OFFICER

1300. *Mr. Mohammad M. Killeidar: Will the Secretary of the Department of Agriculture please state

- (a) when the present Animal Husbandry Officer will retire,
- (b) whether there is any Indian in the Department who can succeed him, and
- (c) what are the qualifications laid down for the post of Animal Husbandry Officer and how the appointment is made?

Sir Pheroze Kharegat : (a) The term of appointment of the present incumbent of the post of Animal Husbandry Commissioner is due to expire on the 15th February 1948.

(b) The question of appointing an Indian officer to succeed him is under consideration.

(c) A reference is solicited to the recommendations of the Royal Commission on Agriculture who laid down that the Animal Husbandry Commissioner should have secured a leading position as an authority on questions of live-stock breeding, animal nutrition or veterinary medicine. Appointment to this post is made by the Governor General in Council on a tenure basis on the recommendations of a Selection Board or of the Federal Public Service Commission as the case may be.

PROPOSAL FOR AN ANIMAL HUSBANDRY COLLEGE AT DELHI

1301. *Mr. Mohammad M. Killeidar: Will the Secretary of the Department of Agriculture please state

- (a) whether there is any proposal to start an Animal Husbandry College at Delhi,
- (b) if so, the aim of such an institution, whether it will be a teaching institution or research work will also be undertaken there,
- (c) who will be entrusted with the work of organising this College,
- (d) whether Government have selected a Principal for this College, and
- (e) if so, what is the name of the Principal?

Sir Pheroze Kharegat : (a) A proposal for such a College was put up to the Standing Finance Committee but it has decided to postpone consideration pending an examination of Central post-war developmental plans.

(b) The proposed College was meant primarily for teaching up to the B Sc and M Sc standards, the latter was intended to avoid the necessity of sending students for training abroad for the M.R C V S. It was not proposed to undertake research at the College, except in so far as such research is necessary for teaching.

(c) An officer had been placed on special duty to work out the syllabus, curriculum etc.

(d) No, Sir

(e) Does not arise

DISPOSAL OF BUILDINGS CONSTRUCTED OR PURCHASED BY DEFENCE DEPARTMENT DURING AND AFTER WAR.

1302. *Prof. N. G. Ranga: Will the Honourable Member for Industries and Supplies be pleased to state

(a) whether the Disposals Enquiry Committee has considered the manner in which the various buildings, constructed or purchased by the Defence Department during and after the war, are to be utilised or dismantled and sold away,

(b) if so, what are its recommendations,

(c) whether Government are aware of the serious housing shortage prevailing in rural parts and also in towns, and

(d) whether Government propose to consider the advisability of not dismantling the said unused and no longer useful buildings of the Defence Department coming up for disposals but handing them over to the local Municipalities or Village Panchayats or Local Governments on condition that such buildings will be utilised for residential or business purposes?

The Honourable Sri C. Rajagopalachari : (a) This was not one of the terms of reference of the Disposals Enquiry Committee

(b) Does not arise

(c) Understanding 'housing shortage' to be a problem concerning men who have full employment but who suffer from difficulties in finding living accommodation Government are not aware of serious housing shortage prevailing except in central and provincial capitals and very large towns

(d) No. Defence Department building is dismantled unless it is found, in the case of buildings on requisitioned lands, which have to be returned, that the owner does not wish to take it over at a reasonable price. In the case of buildings on acquired lands, the general policy is to offer the land and the construction thereon first to other Departments of the Central Government, then to the Provincial Governments and thereafter to others. If Local Municipalities and Village Panchayats are interested in such properties the proper course for them would be to approach their Provincial Governments who are apprised of the availabilities from time to time.

BAD CONDITION OF WATER TAPS AND TANKS ON RAILWAY CARRIAGES.

1303. *Prof. N. G. Ranga: Will the Honourable Member for Railways be pleased to state

(a) if Government are aware of the very bad condition of the water tanks and taps in the third second and inter-class railway carriages, especially in the third class carriages, and

(b) whether any steps are being taken to employ the necessary mechanics at Junction Stations to set right the taps etc. when passengers draw the attention of station authorities thereto?

The Honourable Dr. John Matthai : (a) Yes Government are aware of the condition of fittings in coaching stock including water taps and tanks.

(b) Maintenance staff are available at certain selected stations to carry out whatever repairs are possible when complaints are made by passengers. Now-a-days such staff are not able to render such effective assistance as previously due to the lack of necessary materials with which to effect repairs.

ISSUE OF RAILWAY COUPON TICKETS TO COMMERCIAL AND OTHER PROFESSIONAL PEOPLE

1304. *Prof. N. G. Ranga: Will the Honourable Member for Railways be pleased to state

(a) whether any efforts are being made to issue railway coupon tickets for third and inter classes, to commercial, educational and other professional people, and

(b) if not, whether Government propose to consider the advisability of offering this concession?

The Honourable Dr. John Matthai : (a) No

(b) The advisability of introducing coupon tickets for inter and third class cannot be considered until travel conditions have improved sufficiently to justify steps being taken by railways to attract additional traffic by this means

MONOPOLY FOR RUNNING BUS SERVICE ON URBAN ROUTES OF DELHI AND NEW DELHI TO G N I T Co, DELHI

1305. *Dr. J. C. Chatterjee: Will the Honourable Member for Transport please state

(a) whether it is a fact that the G N I T have been granted the monopoly for running Bus services on the urban routes of Delhi and New Delhi,

(b) whether it is a fact that the G N I T have been granted the monopoly for running Bus services in four out of the six rural routes in Delhi Province, one of which four routes is the Delhi Mehrauli route,

(c) whether it is a fact that the Local Government of the Chief Commissioner, Delhi, and the Provincial Transport Authority, Delhi, have rejected all applications from, and refused permits to, every other Transport Company of Delhi Province for the urban routes and the four rural routes mentioned above, and

(d) whether it is a fact that an appeal was made to the Transport Member regarding the monopoly granted to the G N I T by the Chief Commissioner, Delhi and the Delhi Provincial Transport Authority, Delhi, for the rural route Delhi to Mehrauli and that the Transport Member expressed his inability to interfere?

The Honourable Dr. John Matthai : (a) Not entirely. The Delhi Electric Supply and Traction Company which has now been incorporated in the Delhi Central Electric Power Authority has been running trolley buses on one of the urban routes in Delhi. The G N I T. Co have a monopoly on the remainder

(b) The G N I T Co have the monopoly on four rural routes viz the Delhi-Shahdara, Delhi-Mehrauli, Delhi-Okhla and Delhi-Najafgarh routes. There are six other rural routes

(c) All other applications for operating on the urban routes and the four rural routes referred to have been refused

(d) Yes

**SAFEGUARDING OF INTERESTS OF EXISTING TRANSPORT COMPANIES OTHER THAN
G N I T Co, IN DELHI**

1306. *Dr. J. O. Chatterjee: (a) Will the Honourable Member for Transport please state the reasons for refusing to interfere with the decision of the Chief Commissioner granting a monopoly of the Delhi Mehrauli route to the G N I T ?

(b) What steps, envisaged by the answer given to part (b) of starred question No 14 asked on the 28th October, 1946, regarding the monopoly of the G N I T Company for running bus services in Delhi Province have been taken with reference to the future of Delhi Transport?

(c) Do Government propose to give an assurance to the House that in any discussion where the future of Delhi Transport is considered, the interests of recognised existing owners of Transport Companies in Delhi Province other than the G N I T will be safeguarded?

The Honourable Dr. John Matthai : (a) There is no provision in the Motor Vehicles Act or rules for review of the orders passed by the prescribed appellate authority, who in this case is the Chief Commissioner, Delhi.

(b) I would invite the Honourable Member's attention to the reply given to Sardar Mangal Singh's starred question No 128 on the 7th February 1947

(c) It is the intention of Government that the interests of all recognised existing operators should be safeguarded in any scheme of reorganisation of transport.

CIRCLE RATIONING OFFICERS IN DELHI

1307. *Maulana Zafar Ali Khan: (a) Will the Secretary of the Food Department please state what is the number of the Circle Rationing Officers in the Delhi Rationing Headquarters?

(b) How many are Muslims and what is the number of Sikhs and Hindus?

(c) What is the percentage of Muslims, Sikhs and Hindus in the other gazetted and non-gazetted posts in the Delhi Rationing Headquarters?

(d) What steps have so far been taken by the authorities to stamp out corruption in the Rationing Organisations?

(e) Has any officer of the Rationing Organisation been tried for corruption?

(f) How many Ration Circles are at present functioning in Delhi and New Delhi and how many more Government propose to open in the near future?

(g) Why is the wheat supplied in Delhi of inferior quality and what steps do Government propose to take to supply a better quality of wheat in the near future?

(h) How many qualities of sugar are being supplied in Delhi and New Delhi?

(i) How many dealers are Muslims and what is the number of Sikh and Hindu contractors and dealers?

Mr. K. L. Panjabi : (a) The total sanctioned strength of Circle Rationing Officers is 22, of these four are working at Headquarters

(b) Muslims 5, Sikh 1, Hindus 15 and Vacant 1.

(c) *Gazetted Staff*—Muslims 36 per cent, Hindus 57 per cent and Sikhs 7 per cent

Non-Gazetted Staff—Muslims 27 per cent., Sikhs 5 per cent and Hindus 63 per cent

(d) *Enforcement Staff*—The Inspectorate Staff of the Rationing Organisation makes enquiries and reports on cases of corruption both as regards the staff and the authorised dealers and establishments. Enforcement Staff has also been appointed under an Additional Superintendent of Police to investigate into cases of corruption independently of Rationing Organisation.

Administrative and legal action is taken by dismissal, termination of services and/or trial by court on charges of corruption.

Further, a Reorganisation Committee has been appointed to advise or measures for the improvement of efficiency and honesty in the Department.

(e) Yes, two Officers have been tried.

(f) Delhi 12 and New Delhi 7. There is at present no proposal to open any new Circles.

(g) In view of the acute scarcity of wheat, there can be no choice as regards quality, but steps are taken to clean the wheat before distribution whenever it is found to be necessary.

(h) Two qualities of sugar viz, (i) Daurala and (ii) Mohiuddinpur and Begamabad sugar, are supplied.

(i) The total number of authorised retail dealers is 575 of whom 169 are Muslims, four Sikhs and 402 Hindus.

SENIORITY LIST OF EMPLOYEES IN THE OFFICE OF D G INDUSTRIES AND SUPPLIES

1308. ***Hajee Chowdhury Mohammad Ismail Khan:** (a) Will the Honourable Member for Industries and Supplies please state whether any seniority list showing the position of Assistants, Assistants-in-Charge and Superintendents has been prepared in the office of the Director General, Industries and Supplies? If so, when was it compiled?

(b) If the answer to first part of part (a) above be in the affirmative, has the seniority list been compiled in accordance with the instructions contained in the Home Department O. M. No. 20/50/44-Est(S), dated the 28th August, 1946?

(c) If the answer to part (b) above be in the negative, in what respects the list does not fulfil the conditions laid down in the Home Department O. M. referred to in part (b) and why?

The Honourable Sri. C. Rajagopalachari: (a) Provisional seniority lists showing the position of Assistants, Assistants-in-Charge and Superintendents have been prepared in respect of the staff of the D G I & S. The Staff of the D. G. I. & S. has been drawn from various units of the Supply Department from several stations. Preparation of a combined seniority list was taken up in August, 1946, by which time a large proportion of the staff was in position at New Delhi. Modifications and alterations to the list were made from time to time as more staff joined, or as particulars of existing staff became available.

(b) The original provisional combined seniority lists were not prepared in accordance with the Home Department Orders referred to, as these orders had not been received at the time preparation of the lists was commenced. On receipt of the orders in the D. G. I. & S., revision of the list in accordance with them was taken up. Lists of Assistants and Assistants-in-Charge have been compiled in accordance with these orders, but some points arising out of them yet remain to be settled.

A provisional seniority list in respect of Superintendents was prepared in accordance with the orders previously in force. This list is being revised in accordance with the Home Department orders.

(c) The existing provisional seniority list of Superintendents has been prepared, taking date of appointment to grade as the relative order of seniority. It does not give any degree of preference to permanent, quasi-permanent etc., staff, or preference in other respects, as laid down in the Home Department Orders. As stated at (b) above, this list is being revised.

**FIXATION OF SENIORITY OF DIRECT AND OTHER RECRUITS IN OFFICE OF D. G.
INDUSTRIES AND SUPPLIES ACCORDING TO HOME DEPARTMENT
INSTRUCTIONS**

1309. *Hajee Chowdhury Mohammad Ismail Khan: (a) Will the Honourable Member for Industries and Supplies please state whether any panels of Assistants-in-Charge and Superintendents have been formed in the Directorate General of Industries and Supplies?

(b) If the answer to part (a) above be in the affirmative, were these panels formed after the 28th August 1946, i.e., the date on which the Home Department issued instructions for fixation of seniority of direct and other recruits to the ministerial establishment of the Government of India and their Attached Offices?

(c) If the answer to part (b) above be in the affirmative, were the panels formed in accordance with the instructions of the Home Department? If not, why not?

(d) If the answer to part (a) above be in the negative, has this non-compliance with the Home Department instructions in the matter of fixation of seniority, adversely affected any persons employed in the office of the Director General, Industries and Supplies? If so, do Government propose to redress the grievances of such persons? If not, why not?

The Honourable Sri C. Rajagopalachari : (a) Yes

(b) and (c) The panels were formed before the receipt of Home Department orders by the D. G. I. & S. Since then, the panels are being revised in accordance with those orders.

(d) The Home Department orders referred to required clarification on several points. Further, there were about 1,660 persons employed in the D. G. I. & S. to whom that Department orders applied, and each case had to be examined and relative seniority fixed. This had of necessity to take time. The work of the office had to go on and could not be held up until the revised lists were ready. The time taken in compiling the lists has adversely affected some persons and benefited others. This could not be avoided. The grievances of the former will be redressed to the extent possible.

NUMBER OF ASSISTANTS, SUPERINTENDENTS ETC IN OFFICE OF D. G. INDUSTRIES AND SUPPLIES

1310. *Hajee Chowdhury Mohammad Ismail Khan: (a) Will the Honourable Member for Industries and Supplies please lay on the table of the House a statement showing

(i) the number of Assistants, Assistants-in-Charge and Superintendents employed in the office of the Director General, Industries and Supplies as on the 28th August 1946,

(ii) the position of these persons in regard to seniority as fixed by the Home Department in their O. M. No. 20/50/44-Ext(S), dated the 28th August 1946;

(iii) whether these persons are permanent or temporary, in the Assistant's grade, and

(iv) similar information as asked for in (i), (ii) and (iii) above as on 31st October 1946, 15th November 1946, 15th February 1947 and 1st March 1947?

The Honourable Sri C Rajagopalachari : (i) A statement showing the number of Assistants, Assistants-in-Charge and Superintendents employed in the Directorate General of Industries and Supplies on the 28th August, 1946 is laid on the table

(ii) Certain points regarding refixation of seniority in accordance with the Home Department orders are still under consideration and until these points are clarified, the final position of all persons cannot be definitely stated.

(iii) The number of permanent or temporary persons is indicated in the statement.

(iv) The number of staff employed on 31st October 1946, 15th November 1946, 15th February 1947 and 1st March, 1947 is shown in the statement referred to at (i) above

Statement

Grades	Number	Permanent, Quasi-permanent or Provisional permanent		Remarks.
		As Superintendent As Assistant ^a		
As on 28th August 1946				
1. Superintendent	*76	4	20	*Includes persons on leave
2 Assistants in-Charge	21		2	Sanctioned Strength —70
3. Assistants/'A' Grade Clerks	494		8	-
As on 31st October 1946				
1. Superintendent	*74	3	19	*Includes persons on leave.
2 Assistants in-Charge	21		2	Sanctioned Strength —70
3. Assistants/'A' Grade Clerks	496		8	
As on 15th November 1946				
1. Superintendent	*75		3	20 *Includes persons on leave
2 Assistants in-Charge	62		6	Sanctioned Strength —70
3 Assistants/'A' Grade Clerks	502		4	
As on 15th February 1947				
1 Superintendent	*75	3	20	*Includes persons on leave
2 Assistants in-Charge	62		6	Sanctioned Strength —69
3. Assistants/'A' Grade Clerks	497		4	
As on 1st March 1947				
1. Superintendent	*75	3	20	*Includes persons on leave.
2. Assistants in-Charge	45		6	Proposal for increasing the strength to 82 is under consideration in the Secretariat.
3. Assistants/'A' Grade Clerks	476		4	

IMPORT OF "PARKER" AND "SHAEFFER" FOUNTAIN PENS IN INDIA

1311. *Mr. G. B. Dani: (a) Will the Honourable Member for Industries and Supplies be pleased to state whether Government are aware of the fact that India has been flooded with all kinds of pens?

(b) Are Government aware whether quality pens such as Parker 51, 'Shaeffer' have been imported in India? If so, what is the number imported of each?

(c) What quota of these quality pens has been allotted to Delhi?

(d) Are Government aware that these quality pens are still sold in black market?

(e) If so, what action Government are taking to eradicate such malpractices?

(f) Do Government propose to take steps to supply 'Shaeffer' and 'Parker' pens to the Members of this Assembly at controlled rates?

The Honourable Sri C. Rajagopalachari: (a) Government have no definite information at present in regard to actual imports of fountain pens. Licences for their import have been issued freely. It is likely that quantities have been imported to meet the existing large demand for such articles in India.

(b) Government are aware that imports of fountain pens include the brands "Parker 51" and "Shaeffer". Separate statistics for each type of pen are, however, not recorded in our trade statistics and I am sorry therefore to be unable to furnish the information asked.

(c) The Government of India are not now exercising control over the prices and distribution of such goods and no question of allotment of any quota to Delhi arises.

(d) and (e). If the suggested flooding of the market with all kinds of pens in Clause 1 (a) of the question is to be accepted it will automatically check black market tendencies. I believe I have rightly gauged the sense of the House to be generally opposed to controls over trade in articles of this obviously unessential nature.

(f) No, Sir.

UNSTARRED QUESTIONS AND ANSWERS

ELIGIBILITY OF TRAIN CLERKS ON N. W. RAILWAY FOR SELECTION AND TRAINING AS GUARDS

105 Seth Sukhdev: Will the Honourable Member for Railways be pleased to state.

(a) whether it is a fact that the Train Clerks on the North Western Railway are eligible for selection and training as Guards,

(b) whether it is a fact, that in making such a selection, half of the posts are given to Train Clerks above the age of 30 and the remaining half to persons below the age of 30, If so, under what specific provision of the Establishment Code has this division been made, and

(c) whether it is proposed to abolish the age restriction, and if not, why not?

The Honourable Dr. John Matthai: (a) Yes.

(b) Government are informed that amongst the staff who are eligible for training as Guards Grade II, 50 per cent are selected from those not exceeding the age of 30 and 50 per cent from those above 30 years of age.

Their actual appointment as Guards is, however, made on their qualifying as such, irrespective of their age. The rules do not specifically provide for this division on an age basis, but the practice is covered by the general authority given in the 'Note' at the head of Section II of the Rules for the Recruitment and Training of Subordinate Railway staff contained in Appendix II to the State Railway Establishment Code, Volume I, the detailed procedure followed being within the competence of the Railway Administration.

(c) As the practice referred to has been adopted with a view to give young and keen men an opportunity of attaining promotion to the higher grades of Assistant Station Master and Station Master and to the category of Section Controller through the category of Guards, which is the channel of promotion to these categories, Government do not propose to abolish it.

APPOINTMENT OF UNTRAINED PERSONS AS COMMERCIAL AND TRANSPORTATION INSPECTORS ON N. W. RAILWAY

108 Seth Sukhdev : With reference to the reply to part (f) of my unstarred question No 24 asked on 31st October 1946 regarding the appointment of untrained persons as Commercial and Transportation Inspectors on North Western Railway will the Honourable Member for Railways be pleased to state :

(a) the number of persons who have qualified in Commercial Inspectors' course, and who have been selected as such,

(b) the number of those who have qualified but have not been selected and

(c) when it is proposed to hold a fresh selection ?

The Honourable Dr. John Matthai : (a) Government are informed that 14 persons have qualified in the Commercial Inspectors' course

(b) There are no such cases as only staff selected for the posts of Commercial Inspectors are required to qualify in course P-15

(c) Government are informed that a selection was held recently and that a further selection will be held when the present list of selected candidates is exhausted

RULES ON INDIA RAILWAYS re RE-EMPLOYMENT AFTER RETIREMENT.

107 Seth Sukhdev : Will the Honourable Member for Railways be pleased to state

(a) whether any rules exist in the Indian State Railways, that employee on re-appointment after retirement, will be governed by the New Educational Assistance Rules; if so, the reasons for making such rules;

(b) whether it is a fact that representations have been made to the authorities that this rule causes hardship, in the mid-scholastic career of the employees' children;

(c) whether it is a fact that under the Superintendent, Mechanical Workshops, Lahore, letter No 843-E/O, dated 10th April 1946, employees are entitled to an educational assistance. (i) under the new rules for the first portion of their service on re-employment and under the old rules for the second half of the period; and

(d) if the reply to part (c) (i) above be in the affirmative, whether Government propose to remove this anomaly; if not, the reasons therefor?

The Honourable Dr. John Matthai : (a) and (b) The temporary re-employment of a railway servant who has retired from service constitutes a fresh appointment to railway service and, accordingly, orders were issued to the effect that, for the purpose of service concessions, including educational assistance, such employees would be governed by the new rules in force from time to time. Government, however, admit the existence of an anomaly as brought to notice in the Honourable Member's question and are taking steps to consider how best any hardship caused by it can be removed.

(b) Government understand that one such representation was received by the N. W. Railway Administration.

(c) The letter of the Superintendent, Mechanical Workshops, Lahore, referred to in this part of the question, was in respect of an individual employee and indicated that the employee concerned was governed by the new rules for educational assistance during the period of his re-employment, but that educational assistance under the old rules was due for the period of his leave preparatory to retirement taken after the period of re-employment was over.

SHORT NOTICE QUESTIONS AND ANSWERS

INTERNATIONAL RICE CONFERENCE

Prof. N. G. Ranga : Will the Secretary of the Department of Agriculture be pleased to state :

- (a) whether an International Rice Conference is soon to meet ;
- (b) if so, where and when ;
- (c) whether Government propose to give on it adequate representation to the agriculturists and their organisations, Federation of Rural People's Organisations and the All-India Paddy and Rice Associations ;
- (d) what its aims are ; and
- (e) what the agenda for that conference will be ?

Sir Pheroze Kharegat : (a) A study group to prepare the agenda for a Rice Conference is expected to meet in May. The Conference will probably meet thereafter, probably in July.

(b) The time and the venue have not yet been decided.

(c) It is the intention of Government to secure on it adequate representation of all interests, in so far as this may be found feasible.

(d) The aim is chiefly to consider the question of setting up a Rice Board for the purpose of dealing with rice supplies and demand at an international level.

(e) The agenda for the conference will be settled by the Study Group.

Prof. N. G. Ranga : There is no definite answer with regard to part (c). May I know whether Government have already considered the question or not, of giving representation to these two organisations ?

Sir Pheroze Kharegat : This matter has not yet been considered because not know at present how the Government will nominate representatives to the conference.

SALE OF MULTI-VITAMINS

Sri V. C. Vellingiri Gounder : Will the Secretary of the Food Department please state :

(a) whether it is a fact that the Food Department are selling multi-vitamins ,

(b) whether these multi-vitamins have lost some of their vitamins , and

(c) if so, whether Government propose to allow the sale of the same by the Food Department, or, if already sold , to stop their deliveries ?

Mr. K. L. Panjabi : (a) Yes

(b) Only vitamin 'C' has been found on analysis to have lost half its potency.

(c) Government do not propose to stop the sale because the reduction in the potency does not render the pills injurious to health.

Sri V. C. Vellingiri Gounder : At the nutrition exhibition stalls military department's surplus food is sold. I want to know whether the Health Department of this Government have examined the suitability of the condition of foods that are being sold there ?

Mr. K. L. Panjabi : Yes, Sir. No stores are sold if they are injurious to public health.

Sri V. C. Vellingiri Gounder : May I know whether the foodstuffs sold at the stalls are tested before they are made available ?

Mr. K. L. Panjabi : They are only sold when they have some life. Those whose life has expired are not put on sale.—

SALE OF SURPLUS AMERICAN CIGARETTES

Sri V. C. Vellingiri Gounder : Will the Secretary of the Food Department please state :

(a) whether it is a fact that the Food Department are selling surplus American Cigarettes ;

(b) whether Government are aware that these cigarettes have deteriorated to certain extent and are injurious to health ;

(c) whether Government propose to stop the sale or deliveries of cigarettes which are sold and deteriorating to health ; and

(d) whether Government propose to destroy all articles that are injurious to health ?

Mr. K. L. Panjabi : (a) Yes, Sir.

(b) Government are aware that deterioration has overtaken some of the stocks of cigarettes but they have not been advised that this has rendered the cigarettes injurious to health.

(c) On application from the purchasers Government have undertaken survey of the stocks of cigarettes. They have cancelled sale in respect of quantities declared unfit. This action has not been taken in respect of cigarettes in the custody of the purchasers, as it is difficult to establish when and how the deterioration has taken place. The purchasers had an opportunity to inspect and object to the quality before taking delivery.

(d) Yes.

Dr. Zia Uddin Ahmad : Will the Honourable Member make enquiries in his Department and see whether they have increased the price of deteriorated food ?

Mr. K. L. Panjabi : I will

Mr. President : This is a question of smoke.

MOTIONS FOR ADJOURNMENT

DELHI ADMINISTRATION'S DISCRIMINATION AGAINST MUSLIM PRESS AND PREFERENTIAL TREATMENT TOWARDS HINDU PRESS IN THE MATTER OF PUBLICATION OF REPORTS OF COMMUNAL CLASHES

Mr. President : I have received from Mr. Muhammad Nauman the amended form of his adjournment motion. I am making a slight amendment in it to avoid repetition of the same thing. It reads as under :—

"Delhi administration's discrimination against Muslim Press and preferential treatment towards Hindu Press as reported in the *Dawn* of the 28th March 1947, in the matter of publication of reports of communal clashes, and other matters connected with such incidents."

What is the meaning of his saying 'discrimination against Muslim Press and preferential treatment towards Hindu Press' ?

Mr. Muhammad Nauman (Patna and Chota Nagpur *cum* Orissa: Muhammadan). I mean that a certain report was published by the *Hindustan Times* which gave the names of communities who suffered and the communities who were the aggressors but no steps were taken in that case whereas exception was taken to *Dawn* which did not name any communities but simply said 'that the minority community had suffered owing to a certain train accident'. That is a definite discrimination in this matter on the part of the administration. I do not want to go into details and cite cuttings of newspapers, but if you permit me, Sir, I may

Mr. President : It is not necessary at this stage. I wanted to know what the basis of allegation was. The allegation is that certain steps which were taken against *Dawn* were not taken, under similar circumstances, against the *Hindustan Times*.

The Honourable Sardar Vallabhbhai Patel (Home Member). I have enquired of the Delhi Administration and I find that they repudiate emphatically the allegation that there is any discrimination in the matter which is the subject of this motion.

These are the facts : The Delhi Administration first initiated action in regard to press reports about communal disturbances on the 20th of March 1947, and notice was given to all daily and weekly newspapers, without any discrimination, that they were violating and not observing the code of the *ad hoc* Committee which they had themselves appointed. After that a letter was sent to the Editor of the *National Call* inviting his attention to an article in its issue of the 14th March and giving him a warning that he should exercise great care in publishing news relating to communal disturbances. *National Call* is not a Muslim paper. A similar letter was sent to the Editor of *Anjam* on the 22nd March and a similar letter was also sent to the Editors of the *Dawn* and the *Tej* in respect of certain matters published in these papers. In the meantime, certain objectionable items and photographs appeared in the *Statesman*, the *National Call*, the *Hindustan Times* and the *Dawn*. The items specifically mentioned here against the *Hindustan Times* in the *Dawn* of 28th March, which is the inspiration of this motion were included

in these items and the Delhi authorities thought that these were more serious breaches and therefore instead of giving notice they considered it advisable to refer all these matters to the Press Advisory Committee. The Editor of the *Dawn* telephoned to the Press Advisor and he was informed that the matter was to be placed before the Press Advisory Committee in the course of the last week, and not on the next day as it is alleged in the newspaper. The articles were all referred to the Press Advisory Committee which met on Saturday. The report of this Press Advisory Committee is under consideration. These items and photographs about which complaint has been made that no action has been taken, are all matters referred to the Press Advisory Committee and that Committee has reported only on Saturday. The report will come before the Delhi Administration and it will be considered. But the allegation that because a notice was issued against *Dawn* and no action has been taken against other newspapers and there is discrimination is not correct. What I suggest is that a mere notice for a breach of this kind is not a serious matter in which the time of the House should be taken, but if it is considered necessary to have a full discussion on this matter—as I have said before, if the Honourable Member considers it advisable that in the interests of society it is advisable to discuss such matters on the floor of the House, I am not going to oppose such matters. I myself consider that it is not only a waste of time but it is doing positive disservice to bring communal questions to be discussed, not on serious matters, but on such flimsy matters, before the House. Therefore, if the Honourable Member considers such a discussion—I have given the full facts—necessary I shall not oppose this motion.

Sri M. Ananthasayanam Ayyangar (Madras Ceded Districts and Chittor : Non-Muhammadan Rural) On a point of order relating to this matter.....

Mr. President : Let me first deal with the issue. Are there any further matters which are likely to be brought out ?

The Honourable Sardar Vallabhbhai Patel : Absolutely nothing. I think the Press in Delhi has the greatest latitude compared with any other province and no action has been taken against any press in this province.

Mr. President : I do not know what the Honourable Member has to say on the facts. As to whether it is discrimination, that might be a matter of opinion on which people might differ but so far from the facts from which the inference is to be drawn it seems clear that notices have been given to all concerned and the matter has finally been handed over to the Press Advisory Committee. The ground of complaint then is removed.

Mr. Muhammad Nauman : I did this in full consideration of the Home Member's views and probably I am one with the Home Member in saying that it will be definitely a disservice if communal matters are allowed to be flashed as they have been in the past by Hindu Press. The Honourable Member has quoted that notices have been given to *Anjam* and *National Call*. I do not want to discuss the merit or quote the cuttings, but the Honourable Member when he said that the report has been made by the Committee and is pending action, he did not say what advice the Committee gave. And if I am convinced that these things which were published in the *Dawn* about the *Hindustan Times* were so serious that only a notice was not necessary but a more serious action was necessary and the Advisor did it in good faith—and the Honourable Member explains that to the House—I will not insist on it. My anxiety is to know that there is absolutely no discrimination and whatever has been published is equally punishable and it is the Honourable Member's duty to convince us on that subject.

Pandit Lakshmi Kanta Maitra (Calcutta : Non-Muhammadan Urban): Are we really discussing the motion ?

Mr. President : I am trying to know his point of view on the facts.

Mr. Muhammad Nauman : I want the Honourable the Home Member to tell us what report the Advisory Committee has made on the action to be proposed to be taken against the *Hindustan Times*. Then we may be able to know what is the position.

The Honourable Sardar Vallabhbhai Patel : As I have said, the offending articles and matters have appeared in the *Statesman*, the *National Call*, the *Hindustan Times* and the *Dawn* and all these articles were placed before the Press Advisory Committee. When that Committee's report comes either action will be taken against all or no action will be taken. But there will be no discrimination. All I can say is that the Delhi administration has given no cause to the press of any sort of complaint.

Mr. President : On the facts disclosed I do not consider the motion admissible.

BURNING ALIVE OF FOUR SCHEDULED CASTE MEN AND TWO HERDS OF CATTLE IN THE ALIGARH DISTRICT, UNITED PROVINCES

Ruling by Mr. President that refusal of consent for motions for adjournment which are outside the scope of the House for discussion will in future be communicated to members by the Secretary outside the House.

Mr. President : I have today received notice of the next adjournment motion. I will invite the attention of the Honourable Members that motions which are obviously outside the scope of this House for discussion, or on the face of them not in order, should not be tabled by them ; and if they table them henceforth, I shall convey the refusal of my consent through my Secretary and not bring such matters before the House.

The notice is :

"To discuss a definite matter of urgent public importance, namely the burning alive of four scheduled caste men and two herds of cattle by the *Thakurs* and Brahmins in the Village *Khera*, Post Office *Saens*, District Aligarh, United Provinces on the occasion of the *Holi Festival*, on March 7, 1947."

One does not know how far the facts are true, or they are only a sort of rumour. But I need not go into that. The incident is alleged to have taken place so far back as the 7th March. Therefore, there is no urgency about it. Apart from that, this is a purely provincial subject and it is a question for the U.P. Government. I do not want to disclose the name of the Honourable Member who has tabled it. But I do not propose to read any notices of this type, in the House and I shall refuse my consent outside.

Rao Bahadur N. Siva Raj (Nominated : Non-Official) With due respect to the Chair, as the member who gave notice of this motion, may I explain the circumstances in which it was given ?

Mr. President : It is not necessary. It is clearly a provincial matter. It would be wasting the time of the House.

Rao Bahadur N. Siva Raj : I want to submit that the time has long arrived.

Mr. President : The Honourable Member can speak on the admissibility of the motion. It is clearly inadmissible. I do not propose to allow any discussion on this subject. The matter is very clear.

APPOINTMENT OF AN ENGLISHMAN AS PRINCIPAL SECRETARY, FINANCE DEPARTMENT, GOVERNMENT OF INDIA, OVERLOOKING THE CLAIMS OF INDIAN

Mr. President : There is another adjournment motion. It reads.

"That this Assembly do adjourn to discuss a definite matter of urgent public importance namely, the appointment of an Englishman as Principal Secretary, Finance Department, Government of India, overlooking the claims of Indians."

I am afraid my reaction to this adjournment motion is that it is not admissible. *Prima facie* it refers to an individual case.

There is no allegation that it is the policy of the Government of India to appoint Europeans and that this appointment has been made in pursuance of that policy. That is the principal objection to the motion. As regards the facts of this question I would like to know what the Honourable the Finance Member has to say about them.

An Honourable Member : Who gave notice of this motion?

Mr. President : Messrs Venkatasubba Reddiar and Ananthasayanam Ayyangar

The Honourable Mr. Liaquat Ali Khan (Finance Member) : Sir, the appointment has been made in the ordinary course. Mr. Turner has been appointed Principal Secretary to succeed Sir Cyril Jones who is due to retire next month. There is no question of ignoring, as the motion has put it, or of overlooking the claims of Indians. As a matter of fact Mr. Turner is the most qualified person in point of experience and seniority. There was no question of superseding any Indian officer.

Quite apart from that, it is really shifting an officer from one place to another in the same department and in the place of Mr. Turner an Indian officer is going to be appointed as the Financial Commissioner for Railways. I do not see that there is really any case for making this allegation, viz., that the claim of Indians has been overlooked.

Sri M. Ananthasayanam Ayyangar : Sir, this matter came up by way of an adjournment motion last year. Last year Sir Cyril Jones went on leave for a period of six months and to fill up that vacancy one Sir Hugh Hood, who was a retired Madras civilian was appointed. (Interruption)

Mr. President : I am hearing the merits so far as the admissibility of the motion is concerned.

Sri M. Ananthasayanam Ayyangar : Sir, the Honourable Member gave facts and I am trying to convince the House that this is not a stray case but it is a case which is worthy of consideration by this Honourable House. Last year when Sir Archibald Rowlands was the Finance Member, we took exception to his appointing Sir Hugh Hood in the place of Sir Cyril Jones for a period of six months overlooking the claims of Mr. Narahari Rao, who was a Secretary of the Finance Department. But the other gentleman was made the Principal Secretary of the Finance Department, merely to give a place to a European over an Indian. Mr. Narahari Rao was brought up in the Finance Department and he has put in 25 years of his service in that Department. In preference to him a civilian, who is supposed to be fit for any job, whether of a judge, a magistrate or anything else, was brought in. When we took exception to the appointment Sir Archibald Rowlands said that it was only an

[Sri M. Ananthasayanam Ayyangar.]

exceptional case, that after all Sir Hugh Hood was there only for five months, "Permit him to carry on now that I have appointed him. I will not commit the same mistake again." Those were the terms in which Sir Archibald Rowlands gave an assurance to this House. In view of that assurance of the then Finance Member, *viz.*, that there was no intention to supersede any Indian gentleman and that it was after all a question of five months and that the claims of Indians are not overlooked, we did not pursue the matter further. Sir Archibald further said "I am a person who wishes well by India and it is my desire to lift her to a very high status in the international world." In view of this assurance, Sir, you will remember that we did not pursue this motion. It is unfortunate that a gentleman who has never belonged to the Finance Department should be appointed to the post of Chief Secretary. . . .

Mr. President : I do not want to go into all those details. Is it the case that Mr. Narahari Rao is senior to the person who has been appointed?

The Honourable Mr. Liaquat Ali Khan : No, Sir, he is not.

Sri M. Ananthasayanam Ayyangar : He is senior in the sense that he belongs to the Finance Department. He belongs to the Central Pool and he is an expert in that Department. The other gentleman has been a magistrate and has served in various departments.

Mr. President : Is Mr. Turner in the same Department?

The Honourable Mr. Liaquat Ali Khan : Mr. Turner is an officer of the Finance Department just as Mr. Narahari Rao. Mr. Turner is senior, who has got a much longer experience than what Mr. Narahari Rao has got.

Sri M. Ananthasayanam Ayyangar : Wrong, Sir.

The Honourable Mr. Liaquat Ali Khan : If my Honourable friend wants to discuss the motion, although I would deplore that the comparative merits of two officers of the Government should be discussed on the floor of this House, I am quite willing to accept the motion for discussion.

Mr. President : I am not prepared to allow this motion. It enters into administrative details and the comparative merits of officers of the Government. This is entirely different from the general policy of the Government. I cannot give my consent to this motion.

ELECTION TO STANDING COMMITTEE FOR LABOUR DEPARTMENT

Mr. President : I have to inform the Assembly that upto 12 Noon on Wednesday, the 26th March 1947, the time fixed for receiving nominations for the Standing Committee for the Department of Labour, eleven nominations were received. Subsequently one member withdrew his candidature. As the number of remaining candidates is equal to the number of vacancies, I declare the following members to be duly elected to the Committee for the financial year 1947-48. —

(1) Mr. N. M. Joshi, (2) Pandit Balkrishna Sharma, (3) Sri Satyapriya Banerjee, (4) Sri N. Narayanamurthi, (5) Diwan Chaman Lall, (6) Dr. P. G. Solanki, (7) Captain G. T. B. Harvey, (8) Mr. Muhammad Nauman, (9) Maulana Zafar Ali Khan and (10) Miss Maniben Kara.

ELECTION TO STANDING COMMITTEE FOR INDUSTRIES AND SUPPLIES DEPARTMENT

Mr. President : I have to inform the Assembly that upto 12 Noon on Friday, the 28th March 1947, the time fixed for receiving nominations for the Standing Committee for the Department of Industries and Supplies, ten nominations were received. As the number of candidates is equal to the number of vacancies I declare the following members to be duly elected to the Committee during the financial year 1947-48 :—

(1) Mr. Ananda Mohan Poddar, (2) Sri T. V. Satakopachari, (3) Khan Abdul Ghani Khan, (4) Mr. Manu Subedar, (5) Mr. Gauri Shankar Sain Singh, (6) Mr. Vadilal Lalubhai, (7) Mr. M.A.F. Hirtzel, (8) Mr Hafiz M. Ghazanfarullah, (9) Mr. Ali Asghar Khan and (10) Mr. Muhammad Rahmat-ullah.

ELECTION TO STANDING COMMITTEE FOR EDUCATION DEPARTMENT

Mr. President : I have to inform the Assembly that upto 12 Noon on Friday, the 28th March 1947, the time fixed for receiving nominations for the Standing Committee for the Department of Education, ten nominations were received. As the number of candidates is equal to the number of vacancies, I declare the following members to be duly elected to the Committee during the financial year 1947-48 :—

(1) Sri Jagannathdas, (2) Sri Bhagirathi Mahapatra, (3) Pandit Govind Malaviya, (4) Mr. Frank R. Anthony, (5) Shrimati Ammu Swaminadhan, (6) Sreejot Rohini Kumar Choudhury, (7) Captain G. T. B. Harvey, (8) Dr. Zia Uddin Ahmad, (9) Mohammad Amir Ahmad and (10) Miss Maniben Kara.

ELECTION TO STANDING COMMITTEE FOR HEALTH DEPARTMENT

Mr. S. H. Y. Oulsnam (Government of India Nominated Official) : Sir, I move :

" That this Assembly do proceed to elect in such manner as the Honourable the President may direct, ten non-official members to serve on the Standing Committee to advise on the subjects dealt with in the Department of Health for the financial year 1947-48 "

Mr. President : The question is

" That this Assembly do proceed to elect in such manner as the Honourable the President may direct, ten non-official members to serve on the Standing Committee to advise on the subjects dealt with in the Department of Health for the financial year 1947-48 "

The motion was adopted.

ELECTION TO INDIAN OILSEEDS COMMITTEE

Sir Pheroze Kharegat (Government of India Nominated Official) : Sir I move :

" That in pursuance of clause (8) of section 4 of the Indian Oilseeds Committee Act, 1946, the elected members of this Assembly do proceed to elect in such manner as the Honourable the President may direct, four members from among themselves to be members of the Indian Oilseeds Committee."

Mr. President : Motion moved .

" That in pursuance of clause (8) of section 4 of the Indian Oilseeds Committee Act, 1946, the elected members of this Assembly do proceed to elect in such manner as the Honourable the President may direct four members from among themselves to be members of the Indian Oilseeds Committee."

Mr. Muhammad Nauman (Patna and Chota Nagpur *cum* Orissa · Muham-madan) · Sir, I would like to know whether the standing committee met last year and what would be the scope and functions of this Committee

Prof. N. G. Ranga : (Guntur *cum* Nellore. Non-Muhammadian Rural) : It is more than one year since the legislature passed the Oilseeds Cess Act and such a committee was then contemplated to be appointed. I do not know why that committee has not been so far constituted and only now the Government comes before this House to ask for its representatives to sit on the committee. I would like to know whether any money has so far been collected out of that cess and what has been done with that money.

Sir Pheroze Kharegat : Sir, it is true that the Act was passed nearly a year ago, but the Committee could not be constituted until this House had elected its representatives to the Committee. A notification constituting the committee will issue as soon as possible after the election by this House and by the Council of State to this Committee had been completed. As regards the question of money which has been collected, I have no information, but I am certain that the money must have been collected and it will be handed over to the committee as soon as it is constituted.

Mr. President : The question is

"That in pursuance of clause (S) of section 4 of the Indian Oilseeds Committee Act, 1946, the elected members of this Assembly do proceed to elect in such manner as the Honourable the President may direct, four members from among themselves to be members of the Indian Oilseeds Committee "

The motion was adopted.

Mr. President : I have to inform Honourable Members that the following are fixed for receiving nominations and holding elections, if necessary with the following Committees, namely :—

	Date for Nomination	Date for Election
1. Standing Committee for the Department of Health	3rd April, 1947	10th April, 1947
2. The Indian Oilseeds Committee	3rd April, 1947	10th April, 1947.

The nominations for both the Committees will be received in the Notice Office upto 12 Noon on the dates mentioned for the purpose. The elections which will be conducted in accordance with the Regulations for the holding of elections by means of the single transferable vote, will be held in the Assistant Secretary's room in the Council House, between the hours of 10-30 A.M. and 1 P. M.

TAXATION ON INCOME (INVESTIGATION COMMISSION) BILL

The Honourable Mr. Liaquat Ali Khan (Finance Member) · Sir, I beg to move

"That Mr. N. V. Gadgil and Mr. Lakshmi Kanta Mastra be appointed to the Select Committee on the Bill to provide for an investigation into matters relating to taxation on income in place of Messrs K. U. Neogy and M. R. Masani who have resigned from the committee and that the time appointed for the presentation of the Report of the Select Committee on the Bill be extended up to Tuesday, the 8th April, 1947 "

Sir, I am sorry the Committee has not yet been able to meet and submit its report on the Bill which was referred to it. I am hoping that during this week the committee will be able to complete its task and I shall be able to present the report by the 8th April 1947.

Mr. President : Motion moved.

"That Mr. N. V. Gadgil and Mr. Lakshmi Kanta Maistra be appointed to the Select Committee on the Bill to provide for an investigation into matters relating to taxation on income in place of Messrs K. C. Neogy and M. R. Masani who have resigned from the committee and that the time appointed for the presentation of the Report of the Select Committee on the Bill be extended up to Tuesday, the 8th April 1947."

Mr. P. J. Griffiths (Assam : European). Sir, I rise to oppose this Motion in so far as it relates to extension of time. I do so purely for the purpose of expressing disappointment and disapproval which we, in this Group, feel at the delay which has been allowed to take place in handling this vital matter. It seems to us that of all the measures at present before the House this one in a sense, is the most important. Income tax evasion, apart from its fiscal effect is a moral canker eating into the body politic. We feel that Government has not applied itself resolutely in dealing with this matter. Had they been sufficiently determined, they would have finished these deliberations earlier. We trust that this does not indicate any weakening on their part in their determination to deal with this evil. I hope it does not mean they will allow any emasculatation of this Bill. In this formal sense, I oppose the Motion.

Prof. N. G. Ranga : (Guntur *cum* Vellore Non-Muhammadan Rural)

I am rather surprised at the remarks which fell from my Honourable friend Mr. Griffiths. We are also as much anxious as he is that this Bill should be passed as soon as possible, and that tax evasion should be stopped at the earliest possible moment in the sternest fashion. But I thought that my Honourable friend also was very keen that this postponement should be made when this question was being discussed in the Select Committee. Therefore, Sir, I do not find anything specially wrong in asking for this kind of postponement only for a few days. I certainly deprecate the manner in which the Honourable the Leader of the Opposition has come to suggest that there is some sort of move on the part of this House in shelving or postponing this measure for any length of time.

Mr. P. J. Griffiths : I suggested nothing of the kind. I suggested lack of resolution on the part of Government in dealing with this matter.

Khan Mohammad Yamin Khan (Agra Division : Muhammadan Rural) :

Sir, I think the time should be extended as the grounds for the opposition are not valid. The other matter which my Honourable friend Mr. Griffiths referred to, is really worthy of consideration by this House. We do not want that this Bill, which is intended to catch thieves who have stolen public property which is due to the public exchequer, should be postponed indefinitely. Any kind of delay in catching thieves is not right and proper and I hope the Select Committee will give its full consideration to this that no leniency should be shown to anybody who evade payment of proper tax which is due to the public exchequer. The public exchequer should not suffer in any way. If the Bill is improved through negotiation, it is a happy augury. I do not like any latitude should be given to thieves who steal public money.

Dr. Zia Uddin Ahmad (United Provinces Southern divisions : Muhammadan Rural) : Sir, I fail to understand how you can begin to detect tax evasion^s simply by passing this Act. A number of other measures will have to be adopted and these things have to be thought out carefully by the Select Committee. A delay of a few days need not substantially delay the matter. I have great sympathy with the sentiments expressed by Mr. Griffiths, but a delay of a few days will not alter the situation.

The Honourable Mr. Liaquat Ali Khan : I have no intention to say anything except this that the Government are determined to bring to book all those who have evaded taxation. By asking for postponement, I do not want my Honourable friend Mr. Griffiths to think that it is our desire that this Bill should not be passed this session.

Mr. President : The question is .

‘That Mr. Lakshmi Kant Maitra be appointed to the select committee on the Bill to provide for an investigation into matters relating to taxation on income in place of Messrs K C Neogy and M R Masani who have resigned from the committee and that the time appointed for the presentation of the report of the Select Committee on the Bill be extended up to Tuesday, the 8th April, 1947.’

The motion was adopted.

DEMAND FOR SUPPLEMENTARY GRANT FOR 1946-47.

DEMAND NO. 3.—TAXES ON INCOME INCLUDING CORPORATION TAX

The Honourable Mr. Liaquat Ali Khan (Finance Member) : Sir, I move :

“That a supplementary sum not exceeding Rs. 23,52,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March 1947, in respect of Taxes on income including Corporation tax.”

Mr. President Motion moved

“That a supplementary sum not exceeding Rs. 23,52,000 be granted to the Governor General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March 1947, in respect of Taxes on income including Corporation tax.”

Shri Mohanlal Saksena (Lucknow Division Non-Muhammadan Rural)

Mr. President, Sir, if you will kindly refer to the proceedings of the Standing Finance Committee dated the 30th July 1946, you will find that in regard to this supplementary demand, it was said that the arrears of assessment cases in the Income-tax Department on 1st April 1946 numbered roughly to two lakhs and 27 thousands. The number of cases coming up for assessment and the number of cases carried forward from year to year has been steadily going up. So, this supplementary grant was sanctioned by the Standing Finance Committee on the assurance that this work of collection which had fallen into arrears will be met by the appointment of this staff. Since then there has been a lot of speculation about the amount of income-tax arrears. No exact figures or rough figures have so far been supplied to us, although in the Press it has appeared and other persons have also said that income-tax arrears have mounted to the tune of 40 crores or even more. So I would like to be enlightened as to how many cases have been disposed of, how many cases are still in arrears and as to how much amount roughly on account of income-tax is in arrears. That is one point.

The second point that I want to raise is this. You will remember that the other day my friend Mr. Jhunjhunwala raised the question of assessing sterling and dollar companies who had made greater profits during the year

in India than outside India but no reply was given by the Honourable the Finance Member in regard to this. He had put a question and a reply was given later on during the session. It was given out that no less than 575 dollar and sterling companies were working in India. It was further given out that in 1943-44, 97 companies had made more profit in British India than outside India, in 1944-45, 98 companies had done so, in 1945-46, 84 companies had done so. It was also given out that these were treated under section 4(a) of the Income tax Act as residential companies in India. Then in reply to another question whether they had been asked to supply returns it was said that notices were sent to them but only a few of them had supplied the returns. So, I would like to know about this also. Then again some of them had been assessed and it yielded income-tax to the tune of 25 lakhs. So I would like to know how many of these companies supplied the returns and what action was taken against those companies which failed to supply the returns. How much money is standing against them and if any of them were not assessed, what was the reason. After all it could not be a question of paucity of staff. From the proceedings of the Standing Finance Committee we find that an assurance was given that if this staff as required by the Finance Department was appointed, then these arrears cases will be disposed of within a period of two years. I would like to know how much progress has been made because upon this will greatly depend the provisions that have been made regarding budget provisions. I would also like to know how much of these arrears has been provided for in the next year's budget and how much more is likely to be realised if further staff were appointed, because we find that the demand is for about 42 lakhs and the supplementary demand is given to us as only 23 lakhs odd. Was the staff not available or not required? If it was not available, then I would like to know what steps are being taken to get the requisite staff because the arrears are there to the tune of 40 crores. If that is so, the expenditure of a few more lakhs in getting the necessary staff should not be grudged. I want to know what steps are taken to expedite the disposal of all these cases of arrears. I want information on all these points.

Mr. Geoffrey W. Tyson (Bengal European) : Mr Mohan Lal Saksena has rightly used the occasion of this supplementary demand for grant to draw attention to the high proportion of arrears of assessment to taxation. He has done this at a time when the House has been asked to consent to very heavy and crushing taxation both in respect of the individual and in respect of trading companies. From time to time during the General Budget and also on the Finance Bill discussion, the Honourable the Finance Member and his officers were asked to indicate arrears of taxation arising out of arrears of assessment and apart from the question of evasion, in so far as as I know he had no figures and in my opinion and in the opinion of my colleagues it is only right that figures should be forthcoming to show the amounts which would be available to the exchequer if the assessments were brought up to date at time, when as I say, we have been asked to foot and tax new taxes and raise the level of old taxes. I hope that the Honourable the Finance Member will be able to indicate in the course of his reply what steps are being taken to bring assessments up to date and what steps will be taken in the future to keep them up to date.

Mr. Manu Subedar (Indian Merchants' Chamber and Bureau, Indian Commerce) : I was thinking of speaking when the Bill came up for discussion but I think I might mention one or two points now. With regard to the

[Mr. Manu Subedar.]

budgetted figure under companies this year we find 4 crores, whereas in the last year the figure given was 9.12 and on inquiry we were informed that this was arrears collected in the last year. Now, Sir, I know that in the case of a good many companies the tax has not been collected. I know of individual cases where it has not been collected for the last 5 years. These companies are carrying these amounts in their hands. Then we were told that in the budget estimates 22 crores of rupees arrears was already included. On inquiry from very knowledgeable quarters I was told that in Bombay city alone the arrears would be 20 crores and that all-India arrears may be of the order of 45 crores. We do not know about this. I do not wish to press the Honourable the Finance Member to tell us something here and now but I think it would be of some good to the department if the duty of collecting the exact number of cases of arrears and the amount involved was laid on that department for being supplied to members of this House, even when the House is not sitting. We shall know the relative volume of the arrears. It would also expedite their own activities in the department and it would altogether have a good result. I would therefore request the Finance Minister to tell this House of the number of cases of arrears, the amounts outstanding and the amounts expected from them on the basis of the previous year's return. I hope that this information will be supplied to this House.

Sri M. Ananthasayanam Ayyangar (Madras Ceded Districts and Chittoor: Non-Muhammadan Rural): I feel that so long as the Honourable the Finance Member does not overhaul his department and get rid of the dual system of administration consisting of Industries and non-Industries this arrear will go on mounting up. I am proud of an Indian being in charge of the department. Whatever may be the qualifications of the previous European Finance Members my friend is a barrister and we have greater confidence in him that he will manage the resources of this country properly and collect the last pie of arrears that are due but unfortunately owing to this dual administration to which I have referred, these arrears will go on mounting up. They are not due to his fault. Even on the 1st April 1946 the cases of arrears amounted to 2,27,000. We have gone on for 8 months and the arrears must have gone up by 100 per cent or even more. I ask the Honourable the Finance Member to tell us what is the number of cases in arrears and the amount that is due on them. For how long the arrears have been accumulating each year for the past five years? What this default is due to? Even in cases where the appeals are preferred under the Income-tax Act against particular assessments, it is open to them to insist upon the amounts being paid and, on the reversal of the decisions, the amounts being returned? Why, then, arrears should arise, I am unable to understand.

I would also like to have information from the Honourable the Finance Member regarding the number of cases which are disposed of on an average by Income-tax officers and also by Assistant Income-tax Commissioner whether in the original side or by way of appeal. Why do they want an increase in the establishment? Has there been any slackness in the administration? I do not think any increase of establishment is called for. Have they been doing their work properly and diligently? Therefore, I once again appeal to the Honourable Member to see that the entire administration is completely in his charge and they are persons on whom he can rely.

When the Income-tax Act was on the anvil last, there was an amendment brought by the previous Finance Member and we opposed it. Certain Honourable Members asked whether the officer in charge should be allowed to get into any shop or business concerned to make searches without notice. Objection was raised in this House that the officers would be afraid to go to the assessee who are of a white complexion and they would naturally compel the darker section of the community. Therefore, we were afraid of giving those powers to those officers. Today the same kind of difficulty continues in the Department and if the information given to us by my Honourable friend Mr. Saksena about the tax from Dollar and Sterling companies being allowed to fall in arrear is correct, then they seem to be greatly at fault. Such defaults ought not to occur and we must see to it that not a pie is allowed to accumulate for one reason or other. Every pie must be collected within the year of assessment itself.

Sir John Sheehy (Government of India : Nominated Official) Sir, I should like to give the House some of the figures that the Members have asked for. The estimates of arrears on the 1st of April 1947, that is, tomorrow, will be 2,98,000 cases divided up as follows :—

1943-44	.	.	5,000
1944-45	.	.	15,362
1945-46	.	.	44,714
1946-47	.	.	2,33,000

Now, in regard to the suggestion that a great number of these cases are very important, we have had them analysed in categories 1, 2, 3, 4 and 5.

Category No. 1.—Business income exceeding 25,000.

There are only 28,000 cases in that category.

Category No. 2.—Business income between 10,000 and 25,000.

There are 33,000 cases in that category.

Category No. 3.—Business incomes between 5,000 and 10,000.

There are 80,000 cases in that category.

Category No. 4.—Business incomes below 5,000 and other than business incomes.

There are 60,000 cases in that category.

Category No. 5.—Salary and Refund cases.

There are 97,000 cases in that category.

And the arrears are only 37 per cent. of the total number of cases to be disposed of in 1947-48.

Mr. Geoffrey W. Tyson ; What is the total number of assesseees ?

Sir John Sheehy : 5,10,000. That is the number of cases on our registers.

Sri M. Ananthasayanam Ayyangar : About 50 per cent. is in arrears.

Sir John Sheehy ; It is 37 per cent of the total number of cases which have been carried forward including the number of cases of 1947-48.

As regards the revenue involved, the figures for arrears of revenue are for the years 1942-43 to 1945-46, that is, 4 years. We do not count 1946-47 because it is still with us, and the total amount is 52 crores and 21 lakhs

Sir John Sheehy]

Of these 52 crores odd we have included 30 crores in the estimates for the current year.

Mr. Manu Subedar : What about 22 crores which were previously mentioned ?

Sir John Sheehy : I am just going to mention that. If you subtract 30 crores from 52 crores, you get 22 crores and we have budgeted for 22 crores in the budget estimates that have been submitted to the House.

Mr. Manu Subedar : Is it suggested that these 32 crores have been collected in 1946-47 ?

Sir John Sheehy : I could not tell you that yet because the year is not yet over and we have not got the figures.

Mr. Manu Subedar : Therefore, the total outstanding is 52 crores. I want to know what may be collected this year and what may be collected in the budget year ?

Sir John Sheehy : The total outstanding at the end of 1945-46 was 52 crores. I do not say that it is outstanding now because we may have been able to collect 30 crores this year.

Shri Mohan Lal Saksena : May I know what is the likely amount of arrears for the current year ?

Sir John Sheehy : I could not tell you that, it will probably be fairly high. There is always a carry forward of arrears from year to year. It is inevitable.

Prof. N. G. Ranga (Guntoor *cum* Nellore Non-Muhammadans Rural) : The Department is always inefficient.

Sir John Sheehy : The income-tax of every country in the world is in arrears. It cannot be helped.

Shri Mohan Lal Saksena : Then, it is not included in the amount of 22 crores.

Sir John Sheehy : Not this year's arrears.

Mr. President : The expression 'this year' becomes rather confusing.

Sir John Sheehy : I mean the year we are now in, 1946-47. But the arrears of 1946-47 are included in the budget estimates for next year.

Now, as regards the staff. We had 315 officers in 1939-40 and we have provided in the budget estimates of this year 381 officers. At the present moment, we are in process of selecting 217 officers to strengthen the Department. I think it was Mr. Manu Subedar who raised the point about the rate of disposals of cases. There is no such thing as an average rate of disposals of income-tax cases because it depends entirely on the sort of work a man may be doing. A man may do 1,000 small cases or he may do only 200 big cases. But, roughly speaking, I should say that an Income-tax officer is expected to do about 1,000 cases, big and small, and an Appellate Assistant Commissioner disposes of anything from 1,000 to 1,500 appeals in the year.

As regards the point of my Honourable friend Mr. Saksena about Sterling and Dollar companies, I am afraid he will have to put a question on that subject. We could not carry that information in our heads.

Sri M. Aunthasayanam Ayya gar : Every year there will be something to be carried over to the next year which is not collected in that year. Then

why should we have additional staff. Even if the additional staff is provided there will still be the surplus.

¶ **Sir John Sheehy :** There are various reasons for delay in assessment. Accounts may not be ready or accounts may be disputed. It is inevitable that there will be a number of cases in arrear. There is no reason why an adequate staff should not be able to finish the simple cases, but the contentious ones will remain.

Sri M. Ananthasayanam Ayyangar : We are asked to vote expenditure of Rs. 23 lakhs. If the staff is provided does the Honourable Member feel that there will not be any carryforward to the next year?

Sir John Sheehy : Not much. But, as I said, there are bound to be some.

¶ **Sri M. Ananthasayanam Ayyangar :** What percentage does the Honourable Member expect will remain?

Sir John Sheehy : I would not like to make a guess.

Sri M. Ananthasayanam Ayyangar : How are we to be satisfied then before voting Rs. 23 lakhs?

Sir John Sheehy : You will be satisfied with the results. That is all.

Sri M. Ananthasayanam Ayyangar : But what is the expected result?

Sir John Sheehy : It is that most of the arrears will disappear. But as to the percentage, you are asking me to prophesy, which I cannot do.

Shri Mohan Lal Saksena : Is it not a fact that the number of cases has increased since last year? Last year the number was 2,27,000 while this figure this year is 2,98,000. In spite of the additional staff that had been appointed and the assurance given by the Department to the Standing Finance Committee that the cases will be cleared out, we find that the number has increased.

Sir John Sheehy : I have not got the exact figures with me at present but I expected the total number of cases to be less.

Dr. Zia Uddin Ahmed (United Provinces Southern Division: Muhammadan Rural) : I would like to point out the expectation of income from this expenditure. As I said in the course of the general discussion every single rupee which we spend on this account would bring Rs. 100. The expenditure on this account is an instalment which will bring an income 10,000 percent. I am therefore sorry to find that objection is raised on this expenditure.

¶ **Sir Cowasjee Jehangir :** (Nominated Non-official) May I know, Sir whether the staff has been employed or is to be employed?

Sir John Sheehy : We are going to employ 217 new men now, and a selection is being made.

Sri M. Ananthasayanam Ayyangar : How many have already been employed?

¶ **Sir John Sheehy :** I have not got the exact figure, but the number is about 600.

Sri M. Ananthasayanam Ayyangar : 600 have been employed now?

Sir John Sheehy : I said there are 600 officers.

Sir Cowasjee Jehangir : Sir, from what little I know of the Incometax Department I can say that the staff requires to be increased. They have been overworked. But the trouble is that they are inefficient. I would here like to know how this recruitment is going to be made, what sort of test is to be applied before they are taken in, and what are their qualifications. A large number of them don't know their work. Not knowing their work they are apt to be hard on the assessee, not because they want to, but their ignorance of the law makes them hard on the assessee, lest they be accused the other way. Therefore it is essential that the quality of the men you employ should be of a high standard. I am not concerned with what you pay them—I do not know that. But if you have to pay them more, then it will be worth your while to do so. But I do trust that the standard throughout the Department will improve. When this was brought to the attention of the House on more than one occasion we were told that attempts were being made to do that. I do not know whether we have been able to see the effects of that improvement yet. I do trust that we shall soon see some results of the improvement in the standard of work in the Department.

The Honourable Mr. Liaquat Ali Khan : Sir, my Honourable friend Sir Cowasjee Jehangir has put a question. He wants to know whether these officers that are being recruited possess high qualifications or not. The selection has been made by a Board consisting of a Member of the Public Service Commission and senior Officers of the Department and the men who have been selected possess very high academic qualifications. Apart from that there was also an intelligence test done by the Specialists who are here in the Government of India. We are very anxious to get the best type of people for this Department. My Honourable friend has said that the Incometax Officers are inefficient. They are not inefficient. Unfortunately the taxpayers are over-efficient! Therefore, the poor incometax officers has got to match his wits against the best legal brains that the taxpayers employ. It is not really that our officers do not want to do their work. They do it to the best of their ability. At the same time I do not want the House to go away with this idea that I do not think that there is no room for improvement. There is lot of room for improvement and I am sure that with the recruitment of these officers the Department will be able to function more efficiently and I hope that there will not be so many cases of arrears as there have been in the past.

Sri R. Venkatasubba Reddiar (South Arcot *cum* Chingleput Non-Muhammadan Rural) : On a point of information, Sir. The information has not been given about sterling dollar comparisons.

The Honourable Mr. Liaquat Ali Khan : The Honourable Member has raised this question. If Honourable Members had given me some information as to what was it that they wanted I would have had the information collected and placed it before the House. But now, at this moment, for me to give detailed information about this is not possible.

Shri Mohan Lal Saksena : Mr. President, last time when this demand came this question was raised. This question was raised by Mr. Jhunjhunwala, but the Finance Member might not have attached much importance to it because he had to reply to several other points. Then by means of question it was raised and the answer was laid on the table and there was no occasion for supplementaries. Now Sir John Sheehy has suggested that we might put a fresh question. There is no time for it unless the Honourable Member in charge is prepared to accept a short notice question.

The Honourable Mr. Liaquat Ali Khan : I am informed by Sir John Sheehy who is the officer in charge of this that no such information was passed on to him. But now I am willing, if the Honourable Member so desires, to accept a short notice question. I shall be glad to answer it, but I may just add this because I do not want to be accused of not keeping my promise. We will send telegrams to all the Income Tax Commissioners and if the information is available before this session comes to a close I shall certainly answer the question.

Shri Mohan Lal Saksena : The information is already there. The only explanation we want is whether action was taken against them or not.

Mr. President : The question is :

“ That a supplementary sum not exceeding Rs 23,52,000 be granted to the Governor-General in Council to defray the charges which will come in course of payment during the year ending on the 31st day of March 1947, in respect of “Taxes on Income including Corporation Tax.”

The motion was adopted.

CENTRAL EXCISES AND SALT (AMENDMENT) BILL

The Honourable Mr. Liaquat Ali Khan (Finance Member) : Sir, I beg to move for leave to introduce a Bill to amend the law relating to salt.

Mr. President : The question is :

“ That leave be granted to introduce a Bill to amend the law relating to salt.”

The motion was adopted.

The Honourable Mr. Liaquat Ali Khan : Sir, I introduce the Bill.

CAPITAL ISSUES (CONTINUANCE OF CONTROL) BILL

The Honourable Mr. Liaquat Ali Khan (Finance Member) : Sir, I move.

“ That the Bill to provide for the continuance of control over issues of capital, be referred to a Select Committee consisting of Mr Manu Subedar, Sjt N V Gadgil, Sri M Ananthasayanam Ayyangar, Pandit Thakur Das Bhargava, Mr Geoffrey W Tyson, Rao Bahadur N Siva Raj, Khwaja Nazimuddin, Khan Mohammad Yamin Khan and the Mover, with instructions to report on or before the 7th April 1947, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five.”

The Statement of Objects and Reasons makes the purpose of this Bill clear. We want the present position to be extended for another five years. Although there has been an appreciable change in the general conditions it is still considered desirable that control over capital issue is necessary in order to secure balanced investment of the country's resources in industry, agriculture and social services. I am referring this Bill to Select Committee so that the Committee may be able to examine it in detail and thus help in saving the time of the House when the Bill is taken up for consideration. I am anxious that this Bill should be passed this session because at present we have an Ordinance which expires sometime next August or September, and it would not be desirable to go on having Ordinance after Ordinance. I think, therefore, the House will cooperate with me in getting this Bill through during this session.

Mr. President : Motion moved.

“ That the Bill to provide for the continuance of control over issues of capital, be referred to a Select Committee consisting of Mr Manu Subedar, Sjt N V Gadgil, Sri M Ananthasayanam Ayyangar, Pandit Thakur Das Bhargava, Mr Geoffrey W. Tyson, Rao Bahadur N

[Mr. President]

Sivars), Khwaja Nasimuddin, Khan Mohammad Yamin Khan and the Mover, with instructions to report on or before the 7th April 1947, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five."

The Assembly then adjourned for Lunch till Half Past Two of the Clock.

The Assembly re-assembled after Lunch at Half Past Two of the Clock Mr. President (The Honourable Mr. G. V. Mavalankar) in the Chair.

Mr. Manu Subedar (Indian Merchant's Chamber and Bureau Indian Commerce) Sir, I do not wish to detain the House very long over this issue but as it is quite possible that I may not be able to attend some of the meetings of the Select Committee, I should like to make one or two remarks on this subject.

In the past the capital control was exercised for reasons of war and for other reasons some of which have now abated and some of which were definitely against the interests of this country. Applications of people who wanted to register companies were turned down if they were likely to import goods from America that was on the ground of exchange. If people were likely to import goods from any other country except the United Kingdom, they were also turned down. The question of supply and availability of capital goods was one on which Government claimed exclusive and complete knowledge, and that was another ground on which some of the companies were turned down. If the Honourable the Finance Member will get the records of this House scanned up by his Department, he will find that this is a point on which some of us had a great tussle with the previous Government. Any application for the manufacture of radio, manufacture of telephone equipment, manufacture of raw films, manufacture of certain kinds of chemicals, disinfectants, acids, certain kinds of pharmaceutical products, and drugs everything which England hoped to retain in their own hands was turned down arbitrarily by this Department. And I am mentioning all this not to rake up the very bad past, but in order to see that in future this control works to the advantage of this country in every manner possible.

Most of the refusals were arbitrary. When we enquired from the then Finance Member as to why certain people were refused, he said that India was not ready for such and such manufacture for manufacturing dynamos, for manufacturing electric motors, and so on and, Sir, the Finance Department had the temerity to mention that on the floor of this House in spite of the fact that on their staff they had not a single officer with technical knowledge or with technical background, who would be in a position to say whether or not India was ready. Certain private individuals who put their own money and who collect sufficient money from other people ought to be permitted to judge whether the time is ripe and whether a particular thing can be done or it cannot be done, and I do not like that the capital control should arbitrarily try to interfere with the flow of capital into industry in the manner in which they have done in the past. I am sure that would not happen with the new Government. The new Government must have some kind of plan and priorities. On what basis may I ask are our Government now going to say that capital must not flow in certain directions and that it should flow in certain other directions? These priorities according to the Policy Committee's Reports which are holding the field are not too well defined, and I am sure the administration of this Department would be extremely difficult. Sir, the work with regard to the Joint Stock Companies is unfortunately spread over more than one department. The Registrar of Joint Stock Companies has contro

over such matters as the issue of prospectus and the conformity with the provisions of the Companies Law—that comes under the Commerce Department. And this is going to function under the Finance Department. I think it would be necessary to have some kind of correlation between the activities of the one and the other. Not only that. In the past when permission was given Govt support was not to be presumed with regard to the prospects of the company. That is quite correct. On the other hand the Department did not possess information as to the orders placed by these people. They did not have any control as to the nature of the prices paid, and I have already on a previous occasion mentioned that very highly inflated prices are being paid by ignorant people from this country who are in a hurry to set up something and if there is going to be a control, the control is not merely to prevent the registration of companies proposing to manufacture something but the control should be really to save this country's money and to see that much of it is not wasted. Then there was the demand for information as to remittances. Here again if we keep the control we must have all the necessary information. I for one entirely approve of the principle that such a control should be maintained by this Department and that as and when they feel that certain activities will not be good for this country they should be on the scene to prevent such activities, but in order to be able to do so they should have information all along the line,—what type of machinery is being provided, at what price, what remittances are being made, and so on. There is a great lacuna in Government's control machinery and while this particular feature is something which may go in, I do feel that the whole position requires thinking out. In particular I do not know on what basis Government have fixed the priorities, whom they will permit and whom they will not permit, what is the objective, and so on. It is not enough to lay before us the general goal that it will be for the good of India. I have not the slightest doubt that this Government will not do anything which will not be for the good of India. But I do wish to know and I do wish to suggest that it is necessary for this Government to lay down certain priorities which will be in accord with some kind of general plan or scheme of things by which alone, and on which excuse alone you are entitled—Government is entitled—to interfere with the flow of capital.

Lastly, may I say that while this capital control operated during the war as an extraordinary measure, the inconveniences were put up with people. The public will be a little more sensitive now and it is with regard to companies in Indian States which have not received capital consent that their shares are not permitted to be dealt with in British India under stock exchange. Here again is a question of correlation and this will have to be tightened by negotiation and it will have to be met in some way so as to induce the Indian States to have some kind of measure, otherwise there is at the present moment confusion and a large amount of unnecessary irritation.

There is one more point and that is that in respect of the perfectly arbitrary exercise of power under this law under Section 3, I should like to suggest a board-advisory if you like—of some kind to be associated who will examine all cases in which permission is refused or is about to be refused so that the parties whose applications are turned down may have the satisfaction that their cases have not been arbitrarily turned down but have gone through the eyes of some responsible persons including the persons who are members of this House.

Sir, I support the motion.

Dr. Zia Uddin Ahmad (United Provinces Southern Divisions, Muhammadan Rural). I will confine my attention to one or two points raised in this connection. There has been a complaint that whenever you allow an increase

[Dr. Zia Uddin Ahmad]

of capital you make restrictions that it should be confined to the persons who already hold the shares. The outsiders are not allowed to come in. Here I plead that there should be no restrictions. It should be made a rule that whenever capital is allowed to increase, 50 per cent at least ought to be reserved for those who do not hold the shares already. I want freedom, and outsiders should also be permitted to purchase shares. We should go to the open market and those persons who already hold shares should not be permitted to monopolise, and outsiders should be permitted to purchase to an extent greater than one-half. The majority of the increased shares if the investors are there, should go to the outsiders.

The second point raised by Mr. Manu Subedar is about the board which he has suggested. That is very valuable, because to err is human and it will be great satisfaction to people if they know that mistakes can be looked into. So I support the proposal that a board should be appointed to look into the grievances.

The third point is the freedom of purchase. I do not like control. I notice that control means corruption not only in this country but everywhere in the world. Wherever there is control, it opens the door for black-marketing and black-marketing means high prices. So I want no restrictions or priority in any shape or form and I would have freedom in purchase, freedom in subscription of capital and freedom for everybody. The greater the control the less the advance. And I am satisfied that it is impossible for you to lower the price level, that is the purchasing power of the rupee, unless the control is removed. So long as control is there, the black-marketing will be there and it falls on the honest consumers and this will raise the price index of the articles. So as suggested by Mr. Subedar, there should be freedom against purchase, no priorities, no control. So I beseech that this question of control ought to be taken up.

My friend Mr. Rajagopalachari is not here because I wish to tell him that the country is sick of control. I challenge him to seek election on the principle of control. Except for the constituency of the millowners' Association, he will not be elected because the public will not support control in any shape or form. Throughout India the people are sick of it. So the question of control in capital goods and the question of purchase is as bad as elsewhere but perhaps not so bad as in the case of food.

Mr. Geoffrey W. Tyson (Bengal European) I think it is an irony of fate that we should now give legislative sanction to control which by reason of the Honourable the Finance Member's budget proposal, so far as I can see, will have very little work to do in the future. On the other hand it is a wise thing that the control should be reviewed as it will be by reason of the Bill coming before the House. Originally the capital issue control was inaugurated as an anti-inflationary measure. That aspect of its work is now less important than the objectives which have been laid down by the Finance Member in the Statement of Objects and Reasons in which he said that the control is still necessary to secure a balanced investment of the country's resources in industry, agriculture and the social services. That is an entirely laudable object but control by itself will not I think achieve a policy of balanced investment. It would require something more positive than that although the control will tend to trim the ship if it gets out of balance from time to time. I would also like to say that we are in favour of the suggestion which has been made by my honourable friend, Mr. Subedar, that there should be some advisory authority to exercise a supervisory interest in the work of the organisation. What

shape that advisory board, committee or council will take will be matter for determination at some later stage. But in principle we think it is a good thing that there will be some recourse to an advisory committee where the examiner of capital issues decided to withhold consent to a specific issue. We further think it should be obligatory on the examiner to state the reasons for his action in writing and to make them public at the request of the applicant.

† With these few observations I beg to support the reference of the Bill to Select Committee

Sri M. Ananthasayanam Ayyangar (Madras Ceded Districts and Chittoor Non-Muhammadan Rural) Sir, I have only a few words to say on this matter. In principle I cannot agree with the Honourable Member that there is any necessity for continuing the control over capital issues in this country. After all the war is over. During the war I could understand that money ought not be frittered away on purposes other than for aiding the war effort during that period. Also as a measure to prevent inflation it might have been useful. But now having regard to the manner in which it has been worked and also from the point of view of its need, I would say that this Bill ought not to have been introduced. There is no need for it. The other day we passed a Bill empowering Government to control foreign securities and foreign currencies. We also gave power to Government to allow particular kinds of imports, what articles ought to be imported and so on. Having regard to these two Bills that have been passed it is unnecessary to have this Bill. Let any company come in. Give priority in the matter of imports only to such materials, plants and machinery as might be absolutely necessary in the view of the Government. There ought to be control all round otherwise this kind of haphazard control is ineffective, where there is a prevalence of chaos in other departments. For this reason I would ask the Finance Member if he has got a plan. A properous concern may take advantage of his Act, and it may have the ears of the Government, and so increase its share capital. Now companies may not be allowed to start and where it is necessary to start a particular kind of industry, having regard to the availability of raw materials, it is not allowed to start the industry. A number of applications which have been made for the issue of capital for starting some textile industry or vegetable ghee plant, etc in my province have been looked upon with disfavour. They have no preference. They have no influential persons who could catch the ear of those in authority. What is the administration here? There is Sir Alan Lloyd, who is the Chairman. I have nothing personal against him. I am not at all satisfied with the way it is worked. How can one man at the top be able to dispose cases in the absence of a particular plan. Some portions of my province, five districts in my province, are eternally subject to famine. Cotton is the only produce that is available there. I am of opinion that a number of cotton and spinning mills ought to be put down there. The Ceded districts Cuddappah, Kurnool, Bellary and Anantapur are frequently subject to famine.

Sjt. N. V. Gadgil (Bombay Central Division Non-Muhammadan Rural) They are ceded to famine.

Sri M. Ananthasayanam Ayyangar: I want every one of those districts to improve. After this Government came into office they have not come forward with a plan, so that it may be worked out. Industries are allowed to grow where they already exist. Places where there are no industries are allowed to go without any, whether with or without this control. They are not going to get the benefit. Is there any scheme or plan by which priority could be given to

[Sri M. Ananthasayanam Ayyangar]

particular industries at particular place, where particular industries should be located, etc? Under Sec. 94(a) of the Defence of India Rules there was control over the issue of capital. For what purpose? The advisability of having vegetable ghee produced is not beyond doubt. The matter is being investigated by the Food Department as to whether it is nutritious or not. That is a good investigation. But there has been a scramble to introduce vegetable ghee plants all over the country even before the results of the investigation are known. In one district in my constituency, where groundnut is grown, some outsiders have been allowed to put up a vegetable ghee plant with the result that the local expellers have been destroyed. The company has been floated by persons with a large share capital from outside and the persons in the district are not able to compete with them. To the extent of their ability the Provincial Government tried to avoid this other concern starting the industry. But in spite of that and over the head of those people permission was given and they have started the industry. This is really killing one district with the capital of another district or another province. There has been really chaos in this matter. We can only clothe the Honourable member with power but he has no time to investigate every one of those cases. It has not been done till now. We are not in wartime, we are in peace time. So far as importation of capital goods is concerned the Government has already got the power to control. Judged from that point of view, both in principle and in the manner in which it has been administered till now I do not see any reason for this measure at all. I would like the Honourable Member to tell us before the session is over whether he has any plan regarding the industrialisation of this country, a plan to start industries where they are suitable by way of the availability of raw products, labour etc. If there is such a plan I would certainly vote for this measure so that money may not be frittered away.

I would therefore oppose this bill. If however the House agrees to the measure, I agree with my Honourable friend Mr. Manu Subedar that not only for this measure but for the control of import of capital goods in this country there must be an advisory body. With respect to the issue of foreign exchange there must be an advisory body. Likewise go to the Connaught Place any day and you will find what a lot of unnecessary articles are being imported from foreign countries and thus our foreign currency is being frittered away in this manner. For that also there must be an advisory board.

Chaudhri Sri Chand (Nominated Non-Official) : Our ladies want the goods.

Sri M. Ananthasayanam Ayyangar : I do not know which ladies want them. Therefore if there is an economic planning for the whole country, these controls ought to be there. But so long as it is not there there is no necessity for such control. I am prepared to accept the Bill if the Honourable Member is prepared to set up an advisory committee not only for this but for the issue of foreign exchange, securities and also for the grant of import and export licenses.

The Honourable Mr. Liaquat Ali Khan : Sir, I have carefully listened to the speeches of my Honourable friends. It seems to me that there is some misunderstanding as to how this control of capital issue works. The application is made. It is examined first by the provincial government and then it is examined by the department concerned. As a matter of fact there are three departments concerned—the Industries and Supplies, the Commerce and the Finance Departments—although it is under the administrative control

of the Finance Department. The matter is gone through very thoroughly and it is only then that the application is either granted or refused. An application is refused in case where a province recommends or the Industries and Supplies Department recommends that in that particular part of the country there is no scope for a particular industry. In the case of banks or such institutions it is generally the opinion of the Reserve Bank which is taken. Therefore I wish to assure the Honourable Members of this House that every care is taken before applications are either refused or accepted.

My Honourable friend Mr. Tyson said that after my budget proposals there will not be any need for capital control but at the same time he forgot that a point has been made in this House as well as outside that now the capital from British India will go to the Indian States.

Mr. Geoffrey W. Tyson : I never made that suggestion.

The Honourable Mr. Liaquat Ali Khan : You did not, but somebody else did. Therefore if for nothing else at least to stop capital from British India flowing into the States it is necessary that we should have control over capital issue.

I think I heard my friend Sir Cowasjee Jehangir murmur something. How will it affect? It will affect in this way that no company which floated in a State will be allowed to raise capital in British India, unless the department of the Government issue a permit to that particular company.

Therefore I think it is very necessary that we should continue this control for some time.

Sir Cowasjee Jehangir (Nominated Non-Official) : I think the Honourable Member is wrong in the assumption he has made. Will he kindly make enquiries?

The Honourable Mr. Liaquat Ali Khan : I am not wrong in the least because I know that applications have come to me from States wanting to issue shares in British India.

Sir Cowasjee Jehangir : They will never come to you.

The Honourable Mr. Liaquat Ali Khan : Then they cannot raise capital in British India.

Sri M. Ananthasayanam Ayyangar : Clause 3 (2) says that "No company whether incorporated in British India or not shall except with the consent of the Central Government, make an issue of capital in British India."

Sir Cowasjee Jehangir : It does not prevent any man in British India subscribing to the shares of a company started in an Indian State.

The Honourable Mr. Liaquat Ali Khan : The shares cannot be sold in British India. That is what I am trying to say. If people will be foolish enough to invest in the shares in an Indian State and invest in any companies, I cannot protect fools, I can protect only wise men.

Prof. N. G. Ranga (Guntur cum Nellore Non-Muhammadian Rural) : Wise men do not require any protection.

The Honourable Mr. Liaquat Ali Khan : My Honourable friend says that wise men do not require protection. I have to protect Prof. Ranga sometimes.

There was another point which was a very useful one that was raised by my honourable friend Mr. Manu Subedar and which has been supported by other Honourable Members and it is the question of having some sort of Advisory Committee attached to this particular Department. I am sure

[Mr Liaquat Ali Khan]

my Honourable friend would not expect me to give any definite answer on that point at this stage. This is a matter that needs examination and I can assure him that I will certainly consider this point very carefully. And let me tell the House that we are ourselves not quite happy with regard to this matter. We would like to have some sort of machinery which would give even more careful examination to the applications that are received than what has been done so far.

I do not think I need assure Honourable Members of this House that the power which the Government are seeking will certainly not be used against the interests of Indian manufacture or Indian industry. It will be our object to use the powers for the betterment of the economic life of India and that is the only consideration that will weigh with us.

My honourable friend Mr Ayyangar said that unless we could place a plan of industrialisation of the country before him he did not find himself agreeable to supporting this measure. That is a matter that the Honourable Member in charge of Industries and Supplies can answer. But personally I do not think that it is necessary to have a complete plan placed before the House. As a matter of fact, there are plans, there have been plans laid down by the Advisory Panels. It is not that planning is going on in a haphazard manner. There is a plan and the planning is being done accordingly.

Sri M. Ananthasayanam Ayyangar : May I know if in the matter of priorities to industries, the nature of locality etc. is being followed in the matter of capital issues?

The Honourable Mr. Liaquat Ali Khan : As I pointed out to my honourable friend, every application is examined, before it is finally refused or accepted, by the Industries Department by the Commerce Department and by the Finance Department. It is not that the Controller of Capital Issues decides without anybody else having a voice. And if an application comes from a particular province it is the Provincial Government whose opinion is sought on that particular matter. Every care is being taken and I am anxious that even more care should be taken than has been done so far.

Sri M. Ananthasayanam Ayyangar : Is it to fit into an all-India scheme of reconstruction?

The Honourable Mr. Liaquat Ali Khan : All the planning that is being done is for reconstruction and better construction of Indian economy.

I do not think there was any other point except that my Honourable friend tried to tie up this matter with the appointment of Advisory Committees for every conceivable activity of the Government of India. Well, that is a very big issue. As a matter of fact, it is a matter of principle whether a country should be governed through Advisory Committees or through Cabinet Ministers. Well, that I think is a matter on which I am sure my Honourable friend does not expect me to express any definite opinion at this stage. All that I can say is that governing a country through Advisory Committees is not the best form of government.

Mr. President : The question is.

"That the Bill to provide for the continuance of control over issues of Capital, be referred to a Select Committee consisting of Mr Manu Subedar, Sjt N V Gadgil, Sri M. Ananthasayanam Ayyangar, Pundit Thakurdas Bhargava, Mr. Geoffrey W. Tyson, Rao Bahadur N Siva Raj, Khawaj, Nizamuddin, Khan Mohammed Yamin Khan, and the mover, with instructions to report on or before the 7th April 1947, and that the number of members whose presence should be necessary constitute a meeting shall be five."

The motion was adopted.

BUSINESS PROFITS TAX BILL

The Honourable Mr. Liaquat Ali Khan (Finance Member) Sir, I beg to move.

"That the Bill to impose a special tax on a certain class of income, as reported by the Select Committee, be taken into consideration"

Sir, it is not my intention to make any long speech at this stage. The report of the Select Committee has been in the hands of the Honourable Members for about ten days. The subject matter of the Bill has been discussed on the floor of this House more than once. I think all the criticism that could be levelled against the Bill and all the defence that could be offered has already been done, and I do not propose to say anything, or shall I say, to repeat all that has already been said, on this occasion. The Bill, I submit, as it has emerged from the Select Committee—and as I have already offered that the Government will be willing to accept certain amendments—should, I feel, receive the support of every Member of this House and the support of even those who were rather doubtful about this particular measure. Let me tell Honourable Members that the effect of the amendments which have been made by the Select Committee and the amendments which I have said Government will be willing to accept would be that the expected revenue would be reduced from Rs. 30 crores to about Rs. 12 crores. Therefore, even those Honourable Members who were rather doubtful and who felt that the industry may not be able to stand this burden which was being put upon it, would have no hesitation in coming to the conclusion that the burden which is proposed to be put on the industry is really like a drop in the ocean. I never had any doubt in my mind that the industry could stand without any injurious or adverse effect even the burden of Rs. 30 crores which originally was intended in the Bill as it was introduced. Anyhow, now it should satisfy every Honourable Member, even those who were opposed to putting any burden on the industry. Sir, I commend the motion for consideration of the House.

Mr. President : Motion moved.

"That the Bill to impose a special tax on a certain class of income, as reported by the Select Committee, be taken into consideration"

Mr. Manu Subedar (Indian Merchants' Chamber and Bureau' Indian Commerce) Nobody will withhold from the Honourable the Finance Minister credit for his having met with the wishes of members with regard to this Bill and there is no doubt that the Bill has very much changed since it came to this House originally. I see the Honourable the Finance Minister is still slightly grudging as to the concessions which he has made and I assure him that some of us still feel that he could have given more. Like all compromises, both sides are left with slight dissatisfaction but the fact that this matter has been happily settled is one on which both the House and the country will congratulate themselves.

Now, Sir, the Finance Minister has acquired great popularity in this House through his habit of good humour and passing off difficult matters with a joke. One of these jokes was that he got up and said "that this measure is only for a year. Profits have been already made. There is nothing else next year. Who the Finance Minister will be next year I do not know but whoever it is, if he wants so me more money, he will have to come to you. But so far as I am concerned this Bill is only for one year."

This reminds me that the income tax itself was levied as a temporary measure and it was expected to be put off in two years' time. That was more than 60 years ago. When the super tax was levied it was put down to begi

[Mr Manu Subedar]

with 50,000 and it was regarded as temporary. When the surcharges were levied, they were supposed to be temporary and were expected to be removed. Now the supertax level has come down from 50,000 to 25,000 instead of being only temporary and any man who suggested that surcharges have been already consolidated with the main rates and any man who suggested that either the income tax or any of the levies are only temporary and will be removed would immediately qualify himself for Thana where we have a mad house in Bombay. In other words that was a splendid joke to pass off a difficult situation. We must view this in the light that it is a permanent measure and therefore I am going, in the course of my remarks, to make an appeal to the Finance Minister that in the administrative handling of this measure and in some other small respects, small adjustments which may be necessary in order to make this particular tax measure acceptable and suitable as a permanent measure should be adopted.

Now, with regard to the effect of these measures generally and particularly the Business Profits Tax on small shareholders and the general community and the flow of investment and so on, the Honourable the Finance Minister has made much and many other people in this House and outside have made much of what they call the howl of the rich. It is not the howl of the rich which any of us wish to echo in this House and I want to quote for that purpose to the Honourable the Finance Minister a quotation from what the Bombay Shareholders Association is saying. Let me mention that this Shareholders Association is conducted by Mr Kapadia who appeared before the Honourable the Finance Minister and many of us in the Banking Committee. He is a born and sworn enemy of the class which is known as promoters, which is known as Managing Agents. There is no man in India who during the last 20 years has more confidently exposed all the viles and guiles of the promoters, high financiers interlocking financiers and Managing Agents. I say and maintain that this institution is hated by every managing agent in this country because there is hardly any large firm of Managing Agents that anybody cares to remember and mention who at one time or other did come in the scrutiny and in the protest of this particular institution. He is no friend of the class that the Honourable the Finance Minister wishes to attack. It is from this Association that I am reading a small extract to this House.

The Bombay Shareholders Association consider

"Business Profits Tax and one anna, additional corporation tax take away about 9 anna 6 pies in the rupee from companies taxable income. Stop. Such heavy imposts seriously affect companies especially new companies brought into existence on account of Government's industrialisation policy. Stop. Consequently their capacity to maintain adequate reserves and reasonable dividends will be crippled. Stop. Therefore investing public, particular millions of small middle class investors who form backbone of industries will be scared away inflicting heavy blow to economic and industrial expansion. Stop. Production so badly needed will slow down."

Now, Sir, as I said once before. It is extremely difficult to judge the exact effect of measures of taxation. I am not surprised that the Honourable the Finance Minister should still confidently say that industry can bear this and nothing untoward will occur. Some of us with a more conservative spirit are still inclined to doubt it. The speeches of my Honourable friend Mr Tyson and several others who are in a position to know and understand business conditions reflect the fear and apprehension which some of us have got. Sir, the financial institutions of this country, as indeed of any other country are extremely sensitive. That mechanism is extremely delicate and

I am sorry to say that the first effect of these measures has already been witnessed in Bombay in the failure of the Associated Banking Corporation with a loss of 3½ crores to the public (An Honourable Member What is the connection with this Bill). Well the margins diminish, the bank asks for more margins, the clientele are unable to give, the banks foreclose, there is a run on the bank. There is a whole series of events.

Now, Sir, I gave an example of a man being thrown out from the balcony. These rich men, instead of being taken step by step down the staircase are being thrown out of the balcony. Nobody is in a position in such an event to dogmatise what the harm will be. The man may survive or he may be permanently maimed or he may get off with a few bruises and the shock. The full effect of all these measures will not be felt and realised until next year this time. At that time the Honourable the Finance Minister and myself may well find ourselves comparing notes and the distance between our respective views will not be as great as appears to be today.

Sir, I do not wish to compare my Honourable friend the Finance Minister with the ubiquitous hack Victoria driver in Bombay, corresponding to the *tongawala* here and the cabby in London. There is no more picturesque class than this particular class. I have great affection and interest in men of this class and other groups of humble people who are earning their livelihood. It is not possible for us to love everything that they do. Sometimes they address their animals, '*Chalo mere bachcho*'. They address the animal as their son, and sometimes I have heard them use extremely intimate references to the sister and mother of the horse! Sir, as I said before, comparisons are unsatisfactory and no comparison can be carried or ridden too far, but there is one respect in which I think there is a reasonable scope for comparison between the hack Victoria driver and the Honourable the Finance Member. That hack Victoria driver does not give food to his animal enough to make him very fat, he does not give him food enough to leave him very strong. He gives him just enough food to get the work out of him and no more. And in judging this very delicately, some very tragic results have been witnessed by us. Many Honourable Members in this House will confirm me when I say that this is not an uncommon sight. In judging the exact amount which could be given to the horse just to keep him alive and to see that he does not feel strong—it is a very delicate judgment—sometimes the horse is kept on such a margin that I have seen horses tumble down in the middle of the work and breathe their last in very great distress. They are unable to go forward and sometimes they are injured and to remove them from this misery, they have got to be shot. This is a comparison which I have mentioned because I wanted it to be recorded that this is a very delicate measure. Up to what limit could you leave resources in the hands of business enterprises, joint stock companies and industries so that they will not only survive but show some expansion. Any man who dogmatises that he is absolutely right in this connection, with all humility I say he is not right. I do not say that there was no need for funds. I am very glad that the Honourable the Finance Member has met popular wishes from all classes that the burden may be lightened and that the apprehensions which some of us feel may not be realised. I am very glad that has happened, but we do feel that the whole business would still have to be watched and if and when industry slackens down and enterprise fails, this very Government and my Honourable friend Mr. Liaquat Ali Khan himself will, I have not the slightest doubt, come on the scene himself and take steps to reverse the effect, if there is such an adverse effect of these measures.

[Mr Manu Subedar]

Now, Sir, the Honourable the Finance Member gave some comparative figures with regard to the lower reaches and lower ranges of income-tax in the United Kingdom and in this country in order to show that the scale of tax in this country, though unaccompanied by the reliefs which were given in the United Kingdom, was not as high as in the United Kingdom. I am very happy he gave that and he did clear the air. May I similarly request him not at this time but at some later time, some time before this session or by way of a press-note—equally to give a comparative table of taxation on joint-stock companies with taxation on joint-stock companies in the United Kingdom and the full effect of the measure which we have before us *plus 7 annas* on the profits of the company tax which still remains? If we have this comparative effect, it will be seen that we are not very far behind. Allegations were made to me that we have already exceeded in certain incomes and certain capital structure of companies, we have already exceeded the levy in the United Kingdom. I was loth to accept that proposition but I do feel that a comparison must be made and it must be realised that the capacity of joint-stock companies and enterprise in this country to bear taxation is not at all as sound and as extensive as of enterprise in the United Kingdom and that any attempt to levy taxes on the same scale as in the United Kingdom is bound to have untoward consequences, some of which my Honourable friend himself may not be anxious to see. Now, Sir, with regard to the small man about whom we have talked, may I bring to his notice one other aspect in which the little man is concerned. We have a contradictory principle of taxation in India in private companies under section 23(a). If a company does not declare dividends, it is still deemed to have declared 60 per cent. and he is taxed on that basis. A rather heavy penalty is imposed on the other hand on public companies which give more than 30 per cent of their profits by way of dividend and this penalty has been very much enlarged this year with regard to the provisions already passed in this House in the Finance Bill.

Now, Sir, I am concerned with regard to the shareholders who are receiving dividends. To my mind, the business profits tax, which takes away a certain considerable chunk, one-sixth of the total gross profits, does, in the first instance, diminish the capacity of the company both for reserves and for dividends and to the extent to which it diminishes the dividends, this Government itself is losing money. It is losing money from all those classes who, when they earn dividends, have to pay super-tax on it. So, what is received by way of business profits tax will certainly show lesser return in the super-tax of that particular class. If, therefore, the dividends are reduced with reference to the super-tax *wallas*, the loss is not so great. But if the dividends are reduced with reference to those who are not eligible for super-tax payments and who are not even eligible for the company rate of payment of income-tax, then the tragedy comes in. I want to show this tragedy here. While I have no amendments or any concrete immediate suggestions with regard to how it can be modified, I would appeal to the Honourable the Finance Member to have this matter examined. The shareholder gets a refund of dividends received by him provided the rate at which he is liable for income-tax is less than the rate at which the company has paid the income-tax, that is to say, 5 annas, but no refund is given to him with regard to the additional 2 annas, namely, what is called the corporation tax or the company super-tax. He gets no refund. My Honourable friend the Finance Member has increased in company taxation this year one anna more which was reduced

last year and which the House has already passed. I now put to him whether the time has not yet come in order to examine with reference to the refunds of those who are not in their personal rights liable to 7 annas in the rupee as income-tax. So, the case which I am making out is really very much stronger when we consider that there is no question of any refunds on the business profits. After all, one-sixth is taken out of the dividends and reduced on account of it.

Sir, seven annas are payable by the company. The Share-holders' Association which came into existence in 1926 and has functioned very successfully for 21 years should be in a position to know about it, and according to this Association millions of people are affected by this and by the somewhat obsolete and, in the light of increased taxation, extremely harsh laws with regard to refund. And I say the Finance Minister is the last man who will take money from the class whom he does not intend to hit, from whom he does not intend to take money. I would request him therefore to have this matter examined and see whether the system of refunds could not be so recast as not to bear so heavily on a class for whom this particular tax was never intended. The system of refunds existed when company taxation was only 32 pies in the rupee, it has now grown to seven annas in the rupee. It indicates that a stage has come when in order to have our taxation system on a just and fair basis, and particularly in order not to penalise the class for whom my Honourable friend has shown particular solicitude, this matter should be examined.

Now, Sir, I do not wish to say much more, but I will say that in spite of the fact that this is supposed to be a variation of the E P T this is a new form of tax, and when you levy a new tax a good many loopholes, situations and circumstances unforeseen by you or by any one else may creep in. And I would appeal to the Finance Minister to give directions that administratively when these issues arise they should not be decided on the letter of the law as his tax officers are prone to do now but that these issues should be brought to himself and the basic principles of them be determined by himself in order to see that the objective is maintained and nothing is done which was not intended to be done. I will therefore put three little points without going into details. (1) In counting the abatement at 6 per cent as provided in this Bill when companies which have received premia for shares which they have put forward in the market—and these premia do not necessarily come from the public, very often they come from their own shareholders—these premia should be regarded as much as capital and reserve of the company as the ordinary capital. My Honourable friend Sir Cowasjee Jehangir has an amendment on this matter, and I think it would serve the ends of justice as intended by the Finance Minister if that amendment is accepted by him.

(2) With regard to the E P T there have been E P T deposits with Government and the companies will receive these deposits back. This is as much their capital as any other form of capital and reserve which have been already provided for and in the computation and structure of this Bill, and it would be a calamity if Government on the plea that the return of the deposits made under the E P T will be made sometime during the next official year say that because these monies had not been set out in the books of the company as part of the capital of the company they should be excluded therefrom. That again would be grossly unfair to enterprises which are involved in this.

[Mr Manu Subedar]

(3) Lastly, the Select Committee had certain amendments, particularly with regard to the provision to exclude from the operation of this Bill general insurance, public utilities, banking and investment companies. They had also suggested that special provisions may be made with regard to shipping companies. Under dispensations to which I do not wish to refer these matters have remained, and the Bill as it has come to this House and the form in which my Honourable friend will get it passed makes no provision whatever for any of these special types of industries. Some of them require special consideration and this can be given without affecting either the principles of this Bill or the general principles of revenue. And I certainly plead that when any company has got reserves against catastrophic losses or against conflagrations or earth quakes or any other contingency of that kind in which both insurance and shipping companies are seriously involved, some of these cases when they come may be examined, and there again not the letter of the law as provided in this Bill which is after all a first and a new measure but the basic principles should be brought to the Finance Minister himself, and he should—as I am sure he will—give a just, fair and wise decision on these issues.

Now, Sir, there was much dust of controversy in this House and I deprecate all these sectional and party controversies. I would not have made any reference to this had it not been for the fact that my Honourable friend Dr Ziauddin alleged that the Select Committee had used language which was used by the Federation of Chambers of Commerce. If any one suggests that because Mr Liaquat Ali Khan is a Muslim Leaguer and therefore his budget was attacked by people here or outside, that suggestion is not worth considering. It is a suggestion which is not only bad in fact but it is in my mind a very unwise suggestion. That suggestion drops to the ground on what fell from my Honourable friend Khwaja Nazimuddin who said that a good many papers of the Congress persuasion welcome the scheme of taxation as put forward by my Honourable friend the Finance Minister. If that is so, the other suggestion that anybody is making an attack on the scheme of taxation as put forward by Mr Liaquat Ali Khan because he is a Muslim Leaguer and that any members of the Congress Party went out of their way to make an attack on him falls to the ground. I speak with humility and with a certain amount of pain with regard to this, that I should have to refer to such topics at all. But they have been referred to. We have been charged with having stated in the Select Committee not views which we honestly hold but those to which we have been tutored by somebody. That is a contemptible suggestion wherever it comes from. Sir, I have not the slightest doubt that the Congress consists of all classes, all sections, all views and opinions, and so does the Muslim League. I have met and have received letters from merchants and businessmen of the Muslim League whose views with regard to these Bills and these taxation measures are not at all different from the views which I hold. Therefore it is no use saying that all the merit is on my side and all the defect is on your side, and any one who for the sake of making a little debating point indulges in such a thing is doing no service either to himself or his section or this House or this country. Sir, business interests of the Muslim League have the same view as I hold on this subject, and so have my European friends who are acquainted with business conditions. As for the Socialists, whether they are on the Treasury Benches in the person of my Honourable friend or whether they are in any other part of the House here, I am sure all of them from every quarter have to make up their minds and explain themselves and put forward a programme as to

what they wish to do. The fact of this taxation goes very far in advance in the direction of reducing inequalities is something which we all welcome. But this sort of bandying which we had in this House, the atmosphere of suspicion, the atmosphere of abuse, that, Sir, is not required. What is wanted was and the Honourable the Finance Member very rightly made an appeal for public co-operation. He wants against tax evaders the fullest co-operation from the people of this country. I say he is entitled to have this co-operation. But any sort of partisan bandying of words here which are passed in joke, I fear they have serious consequences outside. All of us have a responsibility. I would make my humble appeal to all sides to weigh the words which they use and not to indulge in either abuse or suspicion unnecessarily but to give such criticism *bona fide* as arises out of this measure which I am sure Government Benches would not find un-welcome to hear. It is through constructive criticism alone that something is to be built up. I do not wish to take up any more time of the House in explaining the position of the Select Committee and those of us who were compelled to write in the manner in which we wrote. I ask the House to look at the language, look at the reasoning which we have given. We still feel that that line and that reasoning is correct. Sir, I do not speak for any individual or party, but I do say that all those who have taken up the allegation that congress has gone out of its way to support the rich man, I would ask their attention to the fact that the most objectionable feature of the whole scheme of taxation which has been put forward has been repeatedly said on this (opposition) side is the increasing of slabs, that is to say, supertax on individual rich incomes. Is it not significant that no attempt was made on behalf of the Congress Party or on the Congress side to interfere with this part of the taxation scheme put forward by the Finance Member which in the opinion of a good many knowledgeable persons is in its effect on industry still more deleterious than some of the other measures. Why was it not done? Merely because that is the case of the individual rich. As far as I can see the Congress has not espoused the cause of the individual rich. But whether it is a question of production, the effect on the flow of investments, the scope of employment and the availability of security materials during the war and other purposes for this country, there, the outlook is different. Even if it means help to those who are enterprising and who are conducting the affairs of the country, I am sure all sides of the House would not grudge any support which may be necessary in order to achieve the results which are useful to the whole society.

Now, Sir, I think there are other points in detail in this measure which would have been granted but in the summary manner in which this matter has been settled, there are only two points namely this co-relation of the abatement with the capital of the company and of the reduction of the rate to 16½ which will be granted, as some of other friends will put forward some points on this. I shall not detain the House beyond saying that we are glad that the Honourable the Finance Member has found it possible to meet some of the points raised by members of this House and to bring a measure which will be acceptable to the House as a whole.

Sir Cowasjee Jehangir (Nominated Non-Official) I think we must agree with the Honourable the Finance Member when he said that this Bill has been a great improvement on the Bill as introduced. He also said that there were some who contended that business and industry could not bear any further burden just now. I have not heard that contention in the House. The contention that has been often put forward and very legitimately was that business could not bear the cumulative effect of the burden which

[Sir Cowasjee Jehangir]

the Finance Member desired to place upon it. He said that he reduced his burden of 30 crores to 12 crores. It was not the amount that he desired to place, but the way in which he desired to place it. That was the trouble. Now, Sir, it has been suggested I think in the Select Committee and in this House that E.P.T. should have been renewed again at 33 1/3 per cent which would have brought him nearly 30 crores. If it had been our contention that the industry at this particular moment could not bear this burden of 30 crores, we should not have suggested E.P.T. being renewed at 33 1/3 per cent. Now, Sir, when I say that the Bill has been greatly improved, I honestly believe it. If I say I honestly believe it, I must also repeat that the Bill as originally presented to this House was unjust, inequitable and impracticable and it was surprising that the Finance Minister should have brought such a measure before this House for its consideration. It showed lack of experience, lack of knowledge of industry and trade of this country. I am not going into details of the Bill as it was presented and the many difficulties, but I should like to touch upon the point that has been raised by Mr. Manu Subedar. I was not in the House during the general debate, but I read in the newspapers that the Honourable the Finance Member contended that this Bill was only for one year. It was heard on the radio and the words were taken literally. The next day the Honourable Member in another speech said that what he meant was that so far as he was concerned, it was for one year and that like any other taxation, the Bill would last for one year and he or anybody else in his place had the right of having it extended like any other measure. There was a very great difference between saying it will last for one year and saying that it can be extended by any Finance Member if he so chooses. The point that arises is this. Is it intended by Government to be a permanent measure? Or is it intended to take the place of E.P.T. which was meant to take only a part of war profits? That is the question I would like the Finance Member to explain to the House. I have said and I believe it that the industry today can bear a certain burden from these war profits—these profits which have been made in 1946-47. Whether those profits are going to continue or not, I am not in a position to say. The Honourable Member for Railways made an extraordinary speech in this House during the general discussion on the Budget, a speech which has been criticised throughout India by the business community and criticised very strongly. It has been called an illogical speech and it has been suggested that it was delivered by a man who had forgotten all the economics which he had ever learnt. He brought up a very important point. He contended that there may be deflation in future. True; there may be deflation. If there is deflation and if these companies do not continue to make what would be ordinary profits, far less war profits, can this tax continue? I trust that the Honourable the Finance Member will give us some assurance on this point. If there is to be deflation in this country, one would have expected the Railway Member to advocate the theory of public finance which has been accepted in western countries, that is to adopt a technique by which the trend of falling production is anticipated and Government takes measures to encourage fresh enterprise to keep up the high level of economic activities. To say that there is going to be deflation and to argue that these taxes should be at the level at which the Honourable Member originally proposed is contradictory in terms. These companies are not going to make profits for all

times to come. We have been through five or six years of exceptional times. I am sorry the Honourable the Transport Member is not here, but I would ask him to look into his own records to see how his railways fared for many many years. Why? The interest even that Government had guaranteed, had to be made good by Government in past years. That has been the position of many companies; they could not even earn interest which Government thought every shareholder was entitled to. Let him look into his own records, and see if it is not a fact. If that is the position, I am prepared to make a sporting offer to both the Honourable the Transport Member and the Honourable the Finance Member. If companies are started, will Government guarantee a minimum rate of interest, and if that rate of interest is made by the companies and a further profit results, let Government share half and half with the shareholders. Government are not to invest a single rupee; they guarantee a certain minimum rate of interest; above that if there is any profit let it be shared half an half. Will the Honourable Member accept that offer? I may tell him that many companies will come into existence notwithstanding this taxation if this offer is accepted. Industries will not be started in this country due to this taxation, and due to the fear of losses which are inevitable with every new industry.

[At this stage, Mr. President vacated the Chair which was then occupied by Mr. Deputy President (Khan Mohammad Yamin Khan)]

Sir, I have no desire to take up more time of this Honourable House, but I would like to ask for a little clarification. Under the E.P.T. Act Government has to return the deposits that companies made to Government. Those deposits are being repaid. The first instalment, I believe, is due on the 1st of April, *i.e.*, tomorrow. May I ask what is the position of those deposits? When they were made I believe income-tax was paid on them I take it therefore that they will not be subject to Business Profits Tax. It is a pure and simple return of money lent by the companies to Government. I hope I am correct. I am so glad that the Honourable Member is nodding his head which means that it is so, but I hope the Honourable Member will say so, so that it may go on record.

There is one more point. The abatement is calculated by a certain percentage on the reserves, but the reserves are to be taken as those which have paid tax. Such reserves which have not paid tax have to be deducted from the reserves before the abatement of 6 per cent. is calculated. Now, may I ask how any company will be able to separate reserves on which it has paid tax from reserves on which it has not paid tax? My Honourable friend, Mr. Ayres, knows exactly how a balance sheet is made up. The balance sheet does not show whether the reserves that have been set aside for a particular year are only such reserves as have been allowed by the Income-tax Department for abatement of income-tax. It shows what the company has set aside; it may be out of the amounts that Government have allowed for depreciation; it may be amounts set aside out of actual profits after paying income-tax. How are the companies to work out this difference between reserves which have paid income-tax and reserves which have not? There are companies which are 60 to 80 years old; their balance sheets won't show this. I presume that the Income-tax Department will assist the companies in finding out what are the reserve for abatement of this tax, and if they do not assist, the companies are not in a position to do so, and the onus is on the companies. It is a very unfair position. I hope that the Income-tax Department have records go-

[Sir Cowasjee Jehangir]

ing back to 60 or 70 years and they will be able to tell the companies exactly what part of their reserves have paid incometax and what parts of their reserves have not paid income-tax, and if that is not possible then I trust the Honourable the Finance Member will by an executive order have some rough and ready rule by which companies can work. It is not in the Bill; I do not suggest any amendment, but I make this suggestion, and I trust that if it is possible to work it out by the Department, well and good; if it is not, then some sort of convention must be brought into existence whereby the companies can work out their reserves for abatement of this tax. These are the two points on which I would like to draw the attention of my Honourable friend, and on which I would like to have some sort of an assurance from him. Another point that was suggested by my Honourable friend, Mr. Manu Subedar, is down as an amendment by me, and I do not want to take up the time of the House on discussing that, but I trust that that will also be satisfactorily settled.

Sir, I support the Bill now as it stands, and I trust the Honourable the Finance Member will have no reason to feel that industry in this country is not prepared to make its proper contribution to the treasury of the Government.

Mr. P. B. Gole (Berar Non-Muhammadan) I am neither a capitalist nor do I belong to the labouring class. I belong to the middle-class and I am going to make certain observations regarding this Bill which affects the common man who invests and I would like to examine this Bill from the point of view of a common man who saves a little and wants to live a certain dividend or interest that he would gain thereby.

This year in particular, when an Indian Finance Member is at the helm of financial affairs, I would have expected that instead of remarking that the capitalists have made a lot of money and that money should be taken away from them and distributed among the poor—instead of that, if the Finance Member had decided to devote himself more carefully to the existing finances and had tried to minimise expenditure which is top-heavy, it would have been much better. So far as I am aware, Sir, it has been always customary to find that while estimating the revenue of the coming year, the revenues that were estimated for the last year and the revised estimate are taken as a guide to budget for the next year. I am really surprised that this year in particular, that whereas for the year 1946-47 the budget estimates were Rs. 306 crores, the revised estimates show that the revenue to the tune of Rs. 336 crores was expected. While, therefore, budgeting for the year 1947-48, if we take Rs. 336 crores or one or two crores more or less—that is usual while budgeting for the second year—that would have been a proper estimate. You will be surprised, Sir, that this year the budget estimates show that the expected income for 1947-48 is Rs. 279 crores. Neither Rs. 306 crores is budgeted for as in 1946 nor Rs. 336 crores or a little less than that this year. Naturally the question would arise as to why the Finance Member under-estimated to such an extent. It is unusual to expect that when the previous year's budget estimates and revised estimates show such a rise, that in this particular year, the figure of Rs. 279 crores has been shown to be the estimated revenue for 1947-48. I tried my level best to see whether there was any explanation from the Finance Member regarding such underestimates. Of course there was going to be a loss of

a crore or two in the revenues from Posts and Telegraphs, and a crore or so in the revenue from the railways. But beyond this there was no likelihood why the revenue should dwindle to Rs 279 crores. Last year Sir, I remember the speech of Sir Archibald Rowlands, where he stated that the war was over and while budgeting for the year 1946-47 war conditions should not be taken into consideration, and therefore an explanation was given for reduced estimates. Now, there are no war conditions. Instead of lower estimates as I have shown to you, the revised estimates show an increase of Rs 30 crores. Why in this particular year such a lower estimate? Because I know that the Finance Member intended to remove the salt tax. There by there would be a loss of nearly Rs 9 crores, but at the time when the budget estimates were made, certainly the Finance Department did not know that the Finance Member intended to abolish the salt tax. Therefore, when the Finance Department prepared the budget estimates those revenues from salt were also included in the Rs 279 crores. I really do not know how such an under-estimate was made. But it seems to me that there is some sort of an attempt to create a scare that the budget must be balanced and for that purpose new taxation is necessary. But you will be surprised to know that the estimated loss was Rs 57 crores, that is exactly the difference between Rs. 279 crores and Rs 336 crores. If the Finance Member had estimated for Rs. 336 crores as the budget revenue for the year 1947-48, he could not have shown the loss. But there it is. There was to be some justification for the imposition of these novel taxes. Therefore he has done it. But what is the effect of these taxes—of course I do not want to repeat all the arguments that Mr. Manu Subedar advanced, because I have already stated that I am neither a capitalist nor do I belong to the labouring class, I admit that I do live on certain incomes that I get from shares. The effect of the taxation proposals is going to be very bad on the middle-classes. The labouring classes, so far as mill labour is concerned, they are far better off. So far as the capitalists are concerned, they are rolling in wealth whereas the income of the middle-class is a limited one. According to the taxation proposals that income is going to dwindle.

Expenses show no downward tendency. On the contrary the prices seem to be still rising, and therefore so far as middle classes are concerned, as the income is dwindling the prices show a rising trend. Therefore they will find it extremely difficult to make both ends meet. I may tell you that the major portion of the revenue is obtained from the middle-class. The labouring classes do not care for taxation. They pay no taxes. The rich being very few—although of course the sums which each of them pays may appear very large the total amount by the rich is comparatively small. The majority of the taxes is from the middle class and that class is going to suffer under this new taxation. I will show how in different ways the tax is going to be heavy so far as the middle classes are concerned.

Before I return to this point, I am drawing the attention of the Honourable the Finance Member to the conditions of Banks. The Finance Member referred to the heavy withdrawals from banks on account of the goods purchased and especially the exchange Banks claiming back their money and on account of certain orders placed for foreign goods banks are put in a tight. What has further happened is that on account of these taxation proposals, those banks which have advanced money on the security of goods, or shares are likely to suffer as the values of their security have dwindled. Further margins have been called for. That margin is not forthcoming.

[Mr. P. B. Gole]

Just now, my honourable friend pointed out the case of a very important bank, the A.B.C. bank which had to close their doors on account of such heavy withdrawals and their inability to meet the demands when made. So far as that bank is concerned in the Bombay High Court a petition was made and Sir Jamsethji Kanguga who appeared for the bank assured the Court that the bank was more than solvent but that on account of the fall in the value of shares and stocks the bank was unable to meet the immediate demands and had to close their doors. They claimed a moratorium of two months.

Sri M. Ananthasayanam Ayyangar (Madras Ceded Districts and Chittoor: Non-Muhammadan Rural) : Why should this bank alone collapse ?

Mr. P. B. Gole : This bank collapsed, whereas the other banks are on the point of collapsing

Sri M. Ananthasayanam Ayyangar : Where will they invest ?

Mr. P. B. Gole : They have already invested. It is not a question of investing now. They have already advanced money against the shares and goods. What will they realise if they were to sell their shares now ? It is quite likely that they will meet with loss and the bank's condition will be rather precarious.

While we were in the Select Committee on the Banking Bill for the major portion of the time when evidence was heard the Finance Member was not present but during the time he was present he watched and studied the evidence that was brought forward before the Select Committee. Even at that time banks in certain provinces were in a tottering condition. What will happen to the banks on account of this Bill ? Already the corporation tax has been increased to two annas and the banks will have to pay the extra one anna. Supposing a bank were to make a profit of more than one lakh or more than 6% on the share capital and its reserve, 16½ of the excess profits would be taken by the Government. I would ask in all earnestness whether banks are industrial concerns which have made huge profits in the past ? I know the Imperial Bank paid 14 per cent on their original value of shares. The value of the share of the Imperial Bank was Rs 500, whereas the bank was paying Rs. 70 as dividend. The market value of the share was Rs 3,300, so that those persons who bought the shares at that price will find their income dwindling. I do not consider the case of speculators but those who invest in order to get 3½ or 2½ per cent as a very reliable source of income. They purchased these shares at Rs. 3,300, when its face value was Rs 500 and they will find the share value going down and the return on their money will not even be 2 or 1½ per cent. That matter ought to have been considered by the Finance Member. I find that the minute of dissent in the report of the Select Committee recommended that banks should be excluded from the operation of the Business Profits Tax. In fact you cannot place banks on a level with other industries, which no doubt made a huge profit in war time. The result of these profits was that there was a mushroom growth of banks and these banks are in great difficulties. The small banks which have grown up during the last five or six years will not be affected but other big banks which have made investments are likely to suffer. I will give you an instance.

The A.B.C. bank for no fault of theirs had to close their doors. It would not be out of place to mention another bank, the International Bank. The Reserve Bank issued an order prohibiting them from accepting any more deposits and after that no permission has been given to that bank

to start its business again. The reason is that the B.P.T. has come in their way again. Similarly so far as the banking world is concerned they do not know where they would stand. I must confess that the Bill has undergone some modifications now but even these modifications will not certainly retard the downward trend so far as profits from the banks are concerned. Banks in India cannot be compared with banks in England and America. Banking business is a new business so far as this country is concerned. Formerly there were individual bankers but banking business under the Indian Companies Act is a new business, it is a new experiment. Therefore until this business grows and is able to provide cheap credit to the rural population banks should be allowed to thrive. That is my personal view. From this point of view to classify banks amongst other profit earning industries would not be justified. I would request the Finance Member to consider this point of view and exclude banks if possible. There are of course agreed amendments. I have given notice of an amendment so far as exclusion of banking is concerned: I do not know whether it will be accepted now. I was glad to hear the speech the other day of the Finance Member when he said that he wants industries in India to thrive. If that is really his objective, he should realise that banks are the fountain source from which industries will be supplied with money. That fountain source should be left untouched, just as the Finance Member has left untouched the life insurance business. These are my observations with regard to the exclusion of banks from the operation of this tax.

I would draw the attention of the Finance Member in particular to clause 9 of the Bill. It is going to affect very heavily the small shareholders and other shareholders also. They do not get any Managing Agent's commission. Dividends are the only thing they get. I would, with your permission Sir, read that clause:

"Where an individual is entitled to profits arising from more than one business of which at least one is carried on by a firm in which he is a partner, the Incometax Officer may, with the prior sanction of the Inspecting Assistant Commissioner of Incometax, aggregate the shares of such individual in the profits or losses of such businesses and treat the sum of such aggregation as the profits of a business carried on by such individual and assess him accordingly.

I am not talking of middle class men who live on dividends. Take even the case of rich people who get large amounts of profits as dividends from different companies. Supposing he has invested his money in three or four companies and the total of these dividends, or incomes from different sources is more than Rs. 1 lakh, then he becomes liable, because the whole aggregate income is taken into account, and the man is liable for business profits tax. Imagine his position. He holds certain shares in different companies. That company is mulcted with the income-tax, the corporation tax and this business profits tax. After that he gets certain dividend. Suppose he has invested in several companies and the income from his dividends exceeds Rs. 1 lakh, he has to part with a further 16½ per cent of the amount above Rs. 1 lakh. It comes to this: tax, tax and tax. Because he happens to own shares in several companies those companies are to be taxed. Besides, if he happens to be a partner with some other firm carrying on business, the partnership business has to pay income-tax, super-tax etc. And his individual income has to be taken into account because he has invested in several concerns. He gets over Rs. 1 lakh and therefore he has to be additionally taxed. This is the discretion given to the Incometax Commissioner.

Sjt. B. S. Hiray (Bombay Central Division : Non-Muhammadan Rural): Can you give any example of such a case ?

Mr. P. B. Gole : I am just giving the example. Suppose his dividend income is more than Rs. 1 lakh then the company from which he gets dividend pays the business profits tax, corporation tax and the income-tax. Because this fellow happens to get the income from several companies his income is pooled together and he has to pay also the business profits tax. This, I would submit to the Honourable the Finance Member, becomes too burdensome. I do not want that the man should become desperate because his income happens to be more than Rs. 1 lakh, that the company in which he holds shares should be taxed with the business tax, that the partnership in which he holds an interest should be taxed with this business profits tax, and supposing he has got some house property in Bombay or Delhi or Calcutta from which he gets more than a lakh of rupees then he has to pay super-tax, income-tax *plus* business profits tax on the income which is pooled together from all these sources. I would submit, Sir, that this would be inequitable and this clause 9 which gives a discretion to the Income tax Officer to pool together the incomes from these dividends and then consider whether he is liable to pay business profits tax should not really have been incorporated in the manner in which it has been incorporated in Section 9. I find from the Report—even the Minority Report—of the Select Committee that no attention has been given to this anomalous condition and therefore I refer to this clause 9 of the Bill which will fall very heavily upon certain classes of people for no fault of theirs. I can understand a man getting an income from his own profession which exceeds Rs. 1 lakh : that should be taxed to business profits tax. But suppose he gets income from a company or firm which is also made to pay business profits tax, then that dividend or whatever it may be should be pooled together in order to make him liable for business profits tax is to my mind highly inequitable and should be amended.

Then, Sir, I have to bring to the notice of the Honourable the Finance Member certain evasion of the tax which is being pursued. I do not know whether the Finance Member is aware of it or not. He is very particular that nobody should be allowed to evade this tax. That is quite true. But I would draw his attention to certain foreign companies which are trading in India and whose share capital consists of dollars or sterling. Under Section 4A the Income-tax Act those dollar or sterling companies which earn more than half their income in India are liable to pay income-tax, super-tax and excess profits tax. Not only that. The shareholders in these companies, although they may be residing outside India, if they get dividend from these companies—which dividend very often may amount to more than Rs. 25,000—are liable to pay the tax. I may draw the attention of the Honourable the Finance Member to the questions and answers which were given on the floor of the House. The Government reply to the question was that there were 575 sterling and dollar companies, and of these 97 companies in 1943-44, 98 companies in 1944-45 and 84 companies in 1945-46 earned more than half their profits in India. You will be surprised, Sir, to learn that a majority of these companies have completely escaped taxation on the ground that they were registered outside British India. They have not even cared to submit the returns called by the Income-tax Officers. I do not understand why the Income-tax Department was so lax and why they have not called upon these companies to submit returns and if they did not do so why the penalty was not imposed on them and why they were not prosecuted. The Finance Member should

take into consideration why these companies which have earned more than half their 'profits in British India although they are foreign companies, should not pay any tax to the Indian exchequer. They have completely escaped taxation and I do not know whether the Finance Member has taken this into consideration. The Finance Member is anxious that nobody should be allowed to escape taxation. If that is correct—and I am quite sure he has correctly stated that point—then it is the duty of the Finance Department to see to it. At least the Finance Member will call upon the Finance Department to show why these companies have not been prosecuted. I may also point out to him that the limitation for recovery of income-tax is four years. From 1943-44—I am of course proceeding upon certain figures that have been supplied by the Government—from 1943-44, 1944-45 and 1945-46 these companies which earned more than half their profits in British India—both dollar and sterling companies—should be immediately called upon to submit their returns and they should be taxed with income-tax, super-tax and also excess profits tax. If this is done I am sure that the Finance Member today will be able to get more than Rs 30 crores. Such are the huge profits that have been earned by these companies, and they have escaped taxation altogether. Apart from this, the shareholders of these companies, although they may be residing outside British India, getting more than Rs 25,000 as dividend from these companies are also liable to pay income-tax and super-tax. I do not understand why the names of the shareholders who have earned more than Rs 25,000 as dividend from these companies have not been called. I am told that these companies say that their registered office is in Washington or in London. The Register of the shareholders is outside India.

Mr. Deputy President : This will be more pertinent to the third Bill which has not come yet.

Mr. P. B. Gole : I am not talking of the Income-tax Act here.

Mr. Deputy President : The reference made by the Honourable Member is all right. But the point which he is stretching at great length is a matter which is really relevant to the other Bill which the Select Committee is considering. This matter, that some companies have escaped and have not paid the tax, will come up then.

Mr. P. B. Gole : I bow to your decision. I would not dilate on this point further. While discussing this question, I have referred to this point which might be borne in mind. If the case arises again, I will refer to this question in detail.

I would only touch on one further point in this connection and finish my observations with regard to this Bill. In the beginning I stated that this is going to dwindle unnecessarily the income of the ordinary man. Apart from the income, what has happened is that the value of the income and the capital has gone down. Here is a man who has purchased shares in the share market, as an investment and a source of income for his family, especially, children, widows, orphans and helpless people. They suddenly find themselves one fine morning, when they read the speech of the Finance Member, very poor. Not only is their income dwindling but even the value of the shares and of the capital has gone down considerably. I have come to know of instances where the people who want to dispose of their shares and get whatever money they can now find that they cannot sell their shares, because the share market remains closed and they find themselves in a very

[Mr. P. B. Gole]

tight corner. I have nothing to say with regard to the intention of the Honourable the Finance Member with regard to touching the pockets of those who are able to pay but in doing so he must also consider the middle class who have been hit very hard. My experience is whatever tax the industrialist has to pay he does not pay out of his pocket. Indirectly he makes the consumer and the man who holds the shares pay. That is the experience even as regards the E.P.T. Therefore I would request the Honourable the Finance Member to see that the source of income of the middle class is not affected by this Bill. With these words I support this Bill.

Mr. Vadilal Lallubhai (Ahmedabad Millowners' Association: Indian Commerce). Whether the Finance Member takes 12 crores or 20 crores out of this Bill makes no difference to me. It is the cumulative effect of these taxes, as I say, that is going to be ruinous to the industrialisation of the country. Sir, this is the time when many important countries are reducing their taxations enormously while we are increasing our taxations enormously, at a time when there was a spurt of industrialisation. Industrialisation would have raised us considerably but it is the misfortune of this country that such burdens are piled upon industry that we will see the bad results of this taxation within the next 12 months. At this time next year we will be able to reconsider the situation and find out whether we have gone up or gone down. I can tell you the instance of a big rayon factory which was proposed to be started. They have now decided to stop all further progress and they have decided to return the money. The factory was to cost about 5 crores of rupees. I know some friends who have gone to America to buy machinery for plastics and they write to me that they are returning without placing orders. These are not individual instances but they will multiply in the very near future. I will just read out a *Reuter's* message dated the 28th March. This is what it says:

"A Bill to cut income-tax this year by almost 4,000,000,000 dollars supported by the Republican Party was passed yesterday by the House of Representatives.

It will now go to the Senate where it will probably be revised. If the Senate and President Truman approve of the Bill the measure will be retroactive to January 1, this year.

It would cut taxes of 25,000,000 lower income persons by 30 per cent and give 20 per cent reduction to most of the rest of America's 46,000,000 tax-payers."

The same is the situation in Australia and this is what they have done. This is what they say:

"Federal Cabinet has agreed to tax cuts for the next financial year beginning on July the first that are estimated to amount to more than 41 million pounds on the present basis of taxation. Reductions on all personal incomes will be on a sliding scale. The reductions now contemplated follow substantial cuts already introduced. Since the end of the war, there have been remissions of 61 million pounds, comprising 37 millions on personal income-tax, 20 millions on sales tax, and a further 4 millions on customs and sales tax."

This is about Australia where taxation is considered heavy. They have reduced 37 millions on personal income-tax and they are reducing further.

I am saying this not only as an industrialist but as a nationalist who has suffered so much during the last 25 years in the cause of the country. If the industrialists are robbed, as a nationalist I would not mind but I feel that the country is robbed of its industrialisation and that is why I reiterate my position again and again on every Bill of this kind, so that the House may remember as to what we are going to be about during the next few years. I feel that industrialisation is being retarded heavily. I would

have preferred the euthanasia of Mr. Gadgil. This *halal* and *jhutka* method to which Mr. Gadgil referred is going to be ruinous to all, rich and poor alike. My Honourable friend the Finance Member says he will get 12 crores. I do not know. My calculations are probably 18 crores but it is not a question of 12 or 20 crores.

Regarding the definition of capital as envisaged in the report of the Select Committee, I think it is unscientific and if the Finance Member feels that it is unscientific, I ask that even at this late hour he should do justice to the industry, justice to science and justice to calculation. Is there any country in the world which does not borrow. I will give you the example of the great Henry Kaiser of the U.S.A. who built warships in three days. He borrowed millions from the Government, millions from the country and millions from the banks. Sir, there is no business in the world that can go on without borrowing. About the basis of allowing borrowing enough has already been said. In my last speech on the Finance Bill, I suggested a way out. In my amendment which I have given notice of I have suggested a way out. If I am correct in what I say, then all the abuses will be put down if you remove the cash in hand or in the banks from the clause of the Bill. If you make the capital employed include also the borrowings, justice will be done. Otherwise what will happen is that a man like Sir Cowasjee Jhangir may succeed in issuing new capital because he has a capital behind him, but what about the man who does the business by borrowings and whose brain is as good as the brain of anybody in the country? If he goes out for getting the capital, he cannot get it. Banks would lend and others also would lend, but one would not get a permanent capital. Do you want to help that man with brains or somebody else who has got capital but no brains? That is what the Bill does, and that is why I say the Finance Member must do justice to the people. There are people with brains who want to do big business. Does he want those people with brains, with talents, with science and with economics to suffer? That is why I am trying to show to the Finance Member that there is some defect in the wording of this clause. If he can remove that defect by accepting my suggestion, I think he will do good to the country.

The Honourable Mr. Liaquat Ali Khan : How will they suffer?

Mr. Vadilal Lallubhai : Because you are excluding the borrowing from the 6 per cent that is allowed. One who has got a subscribed capital of one crore will get 6 per cent. and one with a capital of, say, 25 lakhs, only and one who borrows 75 lakhs will get only 4 per cent. if he borrows it at 4 per cent. He is taking risks because in the borrowing there are greater risks than in the subscribed capital, where there is very little risk because he is not bound to pay to the shareholders. But if he borrows, he is bound to pay interest to one who lends. So, you should not make a man suffer if he has brains enough to start new industries. If you are convinced about it and I hope you ought to be convinced . . .

The Honourable Mr. Liaquat Ali Khan : I am not convinced

Mr. Vadilal Lallubhai : If you are not convinced, I am sorry, but any financier and any economist ought to be convinced. If you are not prepared to be convinced, I am sorry and I cannot help you. But all that I am saying is absolutely correct. After all, Bill has to be passed and if we make this little change, it will help matters.

About the other things, I do not want to take the time of the House because I have said enough in the past. I would again like to warn the House

[Mr. Vadilal Lallubhai]

that we are going to have difficult times about the industrialisation of this country and what we are going to do today is going to make us suffer, and that too heavily.

Sri M. Ananthasayanam Ayyangar : Sir, I do not believe in industrialisation of this country by these industrialists. I believe that the salvation of this country depends upon the Government which must be a socialist Government. That alone can industrialise this country. Under some pretext the rich do not want to pay and the poor cannot pay. Then, from whom is this money to be got? As regards the industries themselves, let us see how far these industrialists have improved them in this country. In the Income-tax Act year before last a clause was introduced to make provision for researches. How many of these industrialists have started research laboratories for their own purposes? Our industrialists, I am afraid, are more like *Bamas*, anxious to make cheap money, they do not start new industries.

Mr. Vadilal Lallubhai : We gave last year 75 lakhs of rupees for research work.

Sri M. Ananthasayanam Ayyangar : They do not push the industry. They have not started industries from one end of the country to the other. Take the case of Henry Ford of America. He started as an ordinary man; he went on applying his mind and had number of engineers. Ultimately, he became one of the multi-millionaires of America. Our people only get these profits from the poor men and make themselves rich. Therefore, I do not believe in leaving it to these people to improve the industry of the country. The Government alone must do it. I can certainly support the Government in drawing upon the resources of the rich but the Government has not got a plan of industrialisation from end to end. This morning the Honourable the Finance Member in his reply mentioned the plan that he has, but he has not really got a plan. No doubt, he has a department through which some applications for capital issues go through, but has he not got a cut-and-dried plan by means of which he can organise industries to make all the commodities in this country? He has not got such a plan. At all events, it has not been placed before us. My suggestion to him, therefore, is to keep the money raised by this taxation as a fund and not fritter it away. We know that we had a number of revenue reserve funds. Sir James Grigg, when he was the Finance Member, created a revenue reserve fund in anticipation of the fall in revenue. I would say that an industries fund ought to be created from this money. All the money that he has got should be accumulated and when there is need and we are afraid of the depression which may come, then we can spend money from this fund and start industries. I do not approve of the number of schemes for which the Honourable the Finance Member very graciously and munificently has donated 111 odd crores. It would have been very much better if he had withdrawn the money from the circulation in the country and thus decreased the inflation. You once again throw money into the market and create all sorts of difficulties. It may be a novel suggestion, but let him withdraw the money and see its effect. The road development and other things can wait. A number of industries can be started only when we come upon depression. There is no urgency now. In the budget the Finance Member has made provision for a number of works and has offered subventions and subsidies to various

provincial Governments for starting various schemes. They are not all industrial schemes and they are not all for the purpose of producing and increasing the wealth in this country. I am not in sympathy with my Honourable friend Sir Cowasjee Jehangir who thinks that if one more pie is taken away from him, he would be ruined. Certainly not. He is like an elephant and if he sits down he will not become like an ant or a cat, he will still remain of the size of a horse. Therefore, he has to come down from the seventh storey to the first storey. He has to find some money. I could urge upon the Honourable Member to draw as much as possible from these gentlemen. During the war, they did not serve the country properly. The EPT was no doubt there, but the previous Finance Member, out of generosity removed that tax and have the industrialists served the consumers in any way since then? No. They did not reduce the cost of consumer goods. Did they improve labour conditions? Did they give better wages to labourers?

The Honourable Mr. Liaquat Ali Khan : Did they increase production?

Sri M. Ananthasayanam Ayyangar : The answer to all is, no. Did they introduce new industries? No. They have brought about ruin to the country.

Mr. Vadilal Lallubhai : Were there not new floatations of companies?

Sri M. Ananthasayanam Ayyangar : All in the air. Not one of them has come down to the earth. What is the scheme before the country? Our friends the industrialists appeal to our sense of patriotism. They profess to be the only saviours of the country, they say they are going to industrialise the country otherwise we cannot stand comparison with other countries. I am all for industrialisation. But they have not done anything in that direction. Unfortunately the Government also is halting.

Mr. Vadilal Lallubhai : Why do you say the floatation is in the air? Two were started.

Sri M. Ananthasayanam Ayyangar : I know the facts. The failure of some banks was referred to. Under the EPT banks were also liable, only the insurance company profits were not liable under EPT. Why should there be so much difficulty felt by banks under the BPT? Under EPT, Act, 8 per cent or 10 per cent was being allowed as a deduction for dividends. Eight per cent has been reduced to five per cent in this Bill. My friends said there has been run on A B C Banks. By the way they are not congress banks. There is no congress or non-congress among banks. When securities fall no doubt there is scare and there is run on banks. Securities do fall in value if the rate of dividend is lowered and it is exactly because industrial concerns have also been brought within the purview of the Business Profits Tax it comes to this that this bill should not be applied to banks and even industrial concerns. Then what is left in the Bill? In the beginning people may not understand the scope of the Bill and there may be a scare. Really there may be other reasons for the run on the banks, as banks only suffer along with other concerns under this Bill. They erroneously blame the Finance Member for the mishap. I have closely watched the arguments of my friends about the failure of banks or about the fall of securities. The Honourable Member need not have created a flutter in the dovecot by saying that some other Finance Member might renew this tax next year. Let him say here and now what his intentions are. That will remove all doubts. I come from a constituency covering five districts. There is eternal famine there. I appealed to the Member for Industries and Supplies to start some spinning mills there. We grow cotton there. But the Industries Member left it to the provincial

[Sri M. Ananthasayanam Ayyangar]

governments to start mills. I would ask the Finance Member to give us some money out of B P T so that the provincial governments may start some spinning mills in my part of the country. Therefore I say let all the money realised from this tax be funded, let it not be frittered away on useless schemes started by provincial governments.

Sir Cowasjee Jehangir : What about deficit ?

Sri M. Ananthasayanam Ayyangar : The deficit has arisen because he gives 111 crores to provinces for various schemes. Those schemes may wait.

The Honourable Mr. Liaquat Ali Khan : Most of this contribution is out of capital accounts.

Sri M. Ananthasayanam Ayyangar : It is not true that the after effects of the war are over. Did you have not deficits during war years? Still we are in the process of adjusting. There is a Resolution for effecting retrenchment coming up before the assembly. The Honourable Finance Member might find various ways and means to effect economy in expenditure. He can also collect the 52 crores which are arrears of income-tax. There is no objection to borrow. Sir Cowasjee Jehangir will pay both for myself and for him also. He must pay for the entire country because he thrives on the profits of the poor. The Finance Member is not expected to draw money from his pocket. I am glad the compromise has been arrived at and there was no necessity for me to come here by air to take part in the division lobby. He need not think that he will get only 12 crores from this tax. He is sure to get more. This is only on trial for one year. If still there is deficit we can make it up next time. After all the industrialists like Sir Cowasjee Jehangir are not going to run away from this country, we can still catch hold of them with both hands. All credit to the Finance Member for having arrived at this compromise.

Some of the features of the Bill are good. The E P T exempted individual earnings by their personal skill but the B P T did not. A leading lawyer of Madras complained that under B P T he will get only half anna back in the rupee of his earnings. Out of Rs 1,75,000, of his income he will get one lakh and odd back after payment of the Tax. I am sure that lawyer need not have been so sorry for being deprived of some of his *vakalats*. Let some juniors also thrive. To this extent the Finance Member has done some service. He has tried to distribute the work amongst various people. I need not shed tears for those gentlemen who earn more than one lakh. I do not know how the industry will suffer. There is a lot of clamour. I feel there is much more clamour than is really necessary. If the Assistants behind the Finance Member had been Indians, I would have taken their version without question. Not that I dislike Sir Cyril Jones the author of this Bill but I have greater confidence in my own countrymen. If the finances of my country are handled by Indians throughout and if the Finance officers invited Sir Cowasjee Jehangir and Mr. Vadilal Lalubhai and convinced them how the industry would not suffer on account of this tax, and if still they were unreasonable, I would have told the Finance Member to get along with this proposal without caring for their criticisms. I hope the Finance Member will still reconsider the appointment of an Englishman over an Indian in his department. He cannot brush aside our objections as coming from imagination.

Mr. Deputy President : As it is now Five of the Clock, the House will adjourn and the Honourable Member may continue his speech tomorrow.

The Assembly then adjourned till Eleven of the Clock on Tuesday, the 1st April 1947.

LEGISLATIVE ASSEMBLY DEBATES

TUESDAY, 1st APRIL, 1947

Vol. IV—No. 6

OFFICIAL REPORT



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LEGISLATIVE ASSEMBLY

Tuesday, 1st April, 1947

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. President (The Honourable Mr G V Mavalankar) in the Chair

STARRED QUESTIONS AND ANSWERS

(a) ORAL ANSWERS

PERMANENT ALLOTMENT OF BUNGALOWS TO CERTAIN MEMBERS OF LEGISLATIVE ASSEMBLY

1312. *Mr. Ahmed E. H. Jaffer: (a) Will the Secretary of the Works, Mines and Power Department be pleased to state whether it is a fact that a few members of this House have been allowed to retain bungalows permanently for the period of their membership of the present Assembly?

(b) If so, will Government please place on the table of the House a statement showing the names of such members giving the description of the bungalows reserved for them?

(c) Is it a fact that they will be charged off-sessional rent for the period when there is no session, if so, what are the reasons for doing so, when these houses are occupied by such members during their frequent visit to Delhi to attend meetings of Select Committees and Central Standing Committees?

(d) Do Government propose to consider the advisability of charging a flat rate of sessional rent for houses permanently retained by these members?

Mr. B. K. Gokhale: (a) Yes Sir

(b) A statement is placed on the table giving the information asked for

(c) and (d) The question of charging concessional rent from members, irrespective of whether their stay is connected with Government business or not, is under the active consideration of the Government of India

Statement showing the name of the members of the Legislative Assembly and the description of the bungalows allotted to the permanently

Serial No.	Name of Member	Quarter allotted
1	Sri M Ananthasayanam Ayyanger	25 Canning Lane
2	Mr. Manu Subedar	21 Canning Lane
3	Mr. Mohd Killedar	6 Ferozeshah Road
4	Sri Mohan Lal Saxena	27 Ferozeshah Road
5	Sri Satyanaram Sinha	33 Ferozeshah Road
6	Pt, Balkrishna Sharma	13.B Ferozeshah Road
7	Mr A. E. H Jaffer	4 Windsor Place
8	Mr. Mohd. Rahmatullah	11 Windsor Place
9	Sri S. T. Adityan	26 Queensway
10	Capt, Syed Abdi Hussein	27 Queensway
11	Mrs Ammu Swaminadhan	3 Windsor Place
12	Sardar Surjit Singh Majithia .	11 Electric Lane

Mr. Yusuf Abdool Haroon: With reference to part (a) may I know whether those Members who failed to apply last session can apply now for permanent residence?

Mr. B. K. Gokhale: The position is that we have reserved 48 quarters for permanent occupation. We have received only 12 applications so far and 12 allotments have been made. There are still six vacancies and if anybody likes to apply, he may do so.

Pandit Sri Krishna Dutt Pahlwal: May I inform the Honourable Member that I applied for a permanent residence and did not get it?

Mr. President: I do not think questions on individual cases can be asked. The Honourable Member can ask if more than 12 applications were received.

Mr. B. K. Gokhale: Sir, my information is that only 12 applications were received, but if my Honourable friend will give me the date of his application, I will make inquiries.

Mr. Ahmed E. H. Jaffer: As six bungalows are still vacant and it seems there is not much demand for them from Honourable Members, can a Member have two bungalows?

(No reply was given)

Khan Abdul Ghani Khan: Will those Members who occupied quarters permanently last session have to apply again?

Mr. B. K. Gokhale: Yes, Sir, I believe the allotment is for each session separately, and if they want it permanently now, they will have to apply again.

Khan Abdul Ghani Khan: I want to know whether those who occupied bungalows permanently last year will have to apply again?

Mr. President: I believe there is a report of a conference of Members' representatives which met in the President's chamber and the conference decided upon certain things and allotments will go according to those decisions.

Mr. Ahmed E. H. Jaffer: What is meant by 'permanent occupation'?

Mr. President: Order, order. It has been settled now and Honourable Members can refer to the proceedings of their own conference.

Mr. Sasanka Sekhar Sanyal: With regard to rent may I know what advice or recommendation the Standing House Committee has given to Government?

Mr. B. K. Gokhale: I believe the advice is that the rent should be the same whether for the session or for the non-session period. That matter, as I said, is under active consideration. The matter has been taken up but a decision has not yet been reached.

Shri Mohan Lal Saksena: Is it not a fact that more than five months have elapsed since that recommendation was made?

Mr. B. K. Gokhale: I am not quite sure but some time has certainly elapsed. But these things are not within my control. The decisions have to be taken by Government and not individually.

Dr. Zia Uddin Ahmad: In view of the fact that the House Committee has made definite recommendations on all the points now raised in connection with house allotment, may I ask that these recommendations may be accepted?

Mr. B. K. Gokhale: As far as possible, we have accepted the House Committee's recommendation. But the question of rent, as I said, is still under consideration, and I cannot anticipate the decision of Government on this question.

NATIONALISATION OF THE INSURANCE INDUSTRY

1318. *Mr. Ahmed E. H. Jaffer: (a) Will the Honourable the Commerce Member please state if Government propose to nationalise the Insurance Industry of the country?

(b) Will Government place on the table of the House a statement showing the profits of all Indian Insurance Companies including Life and Fire Insurance Companies during the last five years?

(c) Before introducing legislation for the nationalisation of Insurance Industry, do Government propose to consult public opinion in the country?

The Honourable Mr. I. I. Chundrigar: (a) The question of nationalising the Insurance Industry has not yet been fully examined by Government

(b) A statement is placed on the table of the House¹

(c) Yes

Mr. N. M. Joshi: May I know when Government will fully examine this question?

The Honourable Mr. I. I. Chundrigar: The question was examined by one committee appointed by Government informally and some difficulties have been pointed out. I am afraid it will take some considerable time before the question can be fully examined.

Mr. Sasanka Sekhar Sanyal: What are the countries in the East which have taken up this nationalisation?

The Honourable Mr. I. I. Chundrigar: I cannot answer this question without notice.

Mr. N. M. Joshi: Will that committee's report be published? If so, when?

The Honourable Mr. I. I. Chundrigar: I said the committee has only informally examined the question, the question was not specifically referred to them. Before the matter can be considered, a committee will have to be appointed to go thoroughly into it.

Sri M. Ananthasayanam Ayyangar: Will the committee go into the question of nationalising life as well as other forms of insurance or only life insurance?

The Honourable Mr. I. I. Chundrigar: That question will be considered when the committee is appointed.

Mr. Yusuf Abdoola Haroon: Is the Honourable Member aware that this proposal is under the consideration of the United Kingdom Government also?

The Honourable Mr. I. I. Chundrigar: Our consideration of the proposal will be on independent lines.

Shri Mohan Lal Saxena: Until Government reach a decision on this matter will they consider the question of extending the facilities of postal life insurance to the employees of local bodies also?

The Honourable Mr. I. I. Chundrigar: That is an independent suggestion which will be examined.

SELECTION OF MUSLIMS FOR THE INDIAN FOREIGN SERVICE

1314. *Mr. Ahmed E. H. Jaffer: Will the Honourable Member for External Affairs be pleased to state

(a) the number of officers appointed, or selected for appointment to the Indian Foreign Service, and how many of them are Muslims, and

(b) whether the normal rules for observing communal proportion in the Services have been or will be applied in the case of the Indian Foreign Service also?

¹Not printed in these Debates. Copy placed in the Library of the House—Ed. of D.

The Honourable Pandit Jawaharlal Nehru: (a) Fifteen Emergency Commissioned Officers have been selected for the Indian Foreign Service, of whom 4 are Muslims

(b) Yes, the normal rules in regard to communal proportion are borne in mind, consistent with the maintenance of requisite standards

APPOINTMENT OF A HIGH COMMISSIONER IN EAST AFRICA

1315. *Seth Govind Das: Will the Honourable Member for Commonwealth Relations please state

(a) whether Government are aware of the Reuter's message of the 17th September last, relating to the resolution of the East African Indian National Congress requesting the Government of India to appoint a High Commissioner in East Africa, and

(b) the action that Government have so far taken in this connection?

The Honourable Pandit Jawaharlal Nehru: (a) Yes, Sir

(b) The Government of India have addressed His Majesty's Government asking for their concurrence in the appointment of a Representative of the Government of India in East Africa

Seth Govind Das: In view of the fact that a proposal of inter-territorial organisation of the three countries of East Africa—Tanganyika, Uganda and Kenya—is under consideration, will Government see that a High Commissioner is appointed at an early date so that he may be able to safeguard the interests of Indians there?

The Honourable Pandit Jawaharlal Nehru: I have said that we have not only seen but acted. We have asked for the appointment, we propose to appoint one and we have intimated the Colonial Office, we are waiting for their answer

LEGAL DISCRIMINATION AGAINST INDIANS IN WESTERN AUSTRALIA

1316. *Seth Govind Das: Will the Honourable Member for Commonwealth Relations please state

(a) whether Government are aware that in Western Australia there are legal discriminations against British Indians with respect to Crown land, mining, certain occupations and employment,

(b) whether the Government of India are carrying on negotiations with the Government of Western Australia for removing these disabilities and for raising Indians to the same level as the citizens of other western countries; and

(c) the result of these negotiations?

The Honourable Pandit Jawaharlal Nehru: (a) Yes

(b) and (c) No fresh negotiations have been initiated yet

EXCLUSION OF QUALIFIED INDIAN RESIDENTS FROM RESPONSIBLE POSITIONS IN PUBLIC SERVICES IN FIJI ISLANDS

1317. *Seth Govind Das: Will the Honourable Member for Commonwealth Relations please state

(a) whether Government are aware of the tendency to exclude able and well qualified Indian residents from responsible positions in public services in the Fiji Islands purely on account of their race and colour;

(b) whether Government are aware of any scheme that was approved by the Secretary of State for the Colonies under which members of the public services belonging to the different races in the said colony would be entitled to equality in status and pay for similar work, and

(c) whether the said scheme has been implemented and the discriminatory treatment meted out to Indian public servants in the Fiji Islands has been stopped and whether they are now given responsible positions in public services according to their qualifications?

The Honourable Pandit Jawaharlal Nehru: (a) Yes

(b) Yes

(c) Official information has been received that the scheme is being implemented, but details about its actual working are not available and are being called for.

Seth Govind Das: Some time ago it was stated that a delegation is to be sent to Fiji. Have Government received any communication from His Majesty's Government in this respect as yet?

The Honourable Pandit Jawaharlal Nehru: What was said then was not expressly in regard to Fiji, but it was proposed to send a delegation to some of these outlying colonial territories. On this subject we have addressed His Majesty's Government and, so far as I am aware, no answer has yet come.

Mr. Ahmed E. H. Jaffer: Is it not a fact that His Majesty's Government was addressed four months ago? In view of the fact that no reply has yet been received why should not the Honourable Member move the High Commissioner in England or some other authority to expedite the matter?

The Honourable Pandit Jawaharlal Nehru: We have moved in the matter.

Prof. N. G. Ranga: Have Government received any memorandum or representation from the leader of Indians in Fiji who recently visited this country?

The Honourable Pandit Jawaharlal Nehru: Various representative Indians from Fiji, Mauritius and other places have been to India, and whenever they have come they have given us memoranda and information and discussed the situation with us.

Prof. N. G. Ranga: What channel is there for Government to find out how far there is any truth in these memoranda, and what action can possibly be taken either directly or through the British Government?

The Honourable Pandit Jawaharlal Nehru: The only proper channel would be to have a representative there or to send a commission there, otherwise all I can do is to send any complaints that we receive to the Colonial authorities and ask for their reply in regard to them.

Seth Govind Das: Are the Government contemplating to send any representative to Fiji also?

The Honourable Pandit Jawaharlal Nehru: No, Sir. It is very difficult for us to send representatives to every place where Indians happen to live. What we were thinking of was to ask the representative in Australia to visit Fiji from time to time. As a matter of fact he has visited Fiji in the course of the last few months and we propose to ask him to maintain contacts with Fiji.

TRADE DELEGATION TO NEAR EAST COUNTRIES

1318. *Seth Govind Das: Will the Honourable the Commerce Member please state

(a) whether it is a fact that he stated on the 6th December in Bombay that one of the best methods of developing trade in the Near East countries is to send a trade delegation,

(b) if so, the action that Government have taken in regard to such a delegation,

(c) who would be its members, and

(d) when the delegation is likely to be sent?

The Honourable Mr. I. I. Chundrigar: (a) Yes, Sir

(b), (c) and (d) A Trade Delegation consisting of Mr. M. A. H. Ispahani as Leader, Messrs. Haridas Laljee, Haji Dawood Bhow Habib and C. C. Javeri as Members and Mr. Ebrahim Yusuf Zainal Alireza as Adviser, left Karachi for the Middle and the Near East on the 9th March 1947.

Sri M. Ananthasayanam Ayyangar: Is it a work of exploratory nature?

The Honourable Mr. I. I. Chundrigar: They will interview the Government officials in those countries and also the Chambers of Commerce and other trade representatives and discuss with them the question of developing trade between India and all those countries.

Sri M. Ananthasayanam Ayyangar: What are the chances of our exporting any of the materials they require now that they are deficient in most of the consumers goods?

The Honourable Mr. I. I. Chundrigar: The question of exporting particular commodities will not be considered by them. They will consider the question in general—how best to develop the trade between the two countries as Government is satisfied that there is scope for the development of trade between the Middle East countries and India.

Seth Govind Das: Is this delegation going to send their report from each country that they visit, or they will send a comprehensive report on their return?

The Honourable Mr. I. I. Chundrigar: I think they will send in a comprehensive report.

Seth Govind Das: By what time do the Government expect them to come back and submit their report?

The Honourable Mr. I. I. Chundrigar: The programme envisages a tour of about seven weeks. Taking into consideration the date of departure they are expected back about the end of April.

Sri M. Ananthasayanam Ayyangar: May I know what volume of trade there has been so far with these countries a year before the war or during the war?

The Honourable Mr. I. I. Chundrigar: Trade in some commodities had increased during the war. In some others it had gone down. All the relevant information has been placed at the disposal of this Delegation with a view to enable them to consider the question of development of trade between India and the Middle East.

Sri V. C. Vellinguri Gounder: May I ask the Honourable Member whether any representative of agriculturists was associated with this trade delegation?

The Honourable Mr. I. I. Chundrigar: The question was considered but it was not found possible to include their representative.

Sri V. C. Vellinguri Gounder: Foodstuffs are being imported from and exported to some of these countries and it would be advisable to provide representation for some one who would look into the agriculturists' interests. May I therefore ask the Honourable Member whether he would consider the inclusion of agriculturists' representative in subsequent trade delegations from this country?

The Honourable Mr. I. I. Chundrigar: In future the question will be considered keeping in view the size of the delegation and the importance of agricultural produce in the trade of the country concerned.

DIPLOMATIC RELATIONS WITH THE UNION OF SOVIET RUSSIA

1319. **Seth Govind Das:** Will the Honourable Member for External Affairs be pleased to state.

(a) whether Government are aware of the necessity of exchanging diplomatic representatives with the Union of Soviet Socialist Republics; and

(b) the steps that are being taken in this connection and by what time it is expected to establish diplomatic relations with the Soviet Union?

The Honourable Pandit Jawaharlal Nehru: (a) Government are anxious to establish diplomatic relations with all important countries, including the Soviet

(b) Discussions are in progress. Honourable Members may be assured that an agreement to exchange diplomatic representatives with the USSR or any other country will at once be made public.

Maharajkumar Dr. Sir Vijaya Ananda: In view of the fact that Russia has conferred independence on its units, will the Government of India be sending diplomats to all the units as well as to Moscow?

The Honourable Pandit Jawaharlal Nehru: The present proposal is to deal with the Union Government of the U S S R.

HEAVY IMPORT OF ARTICLES LIKE TOYS, RAZORS, BALLOONS, GLASS-WARE, ETC

1320. *Pandit Sri Krishna Dutt Paliwal: Will the Honourable the Commerce Member be pleased to state

(a) whether Government are aware that there is heavy import of articles into the country at present,

(b) whether Government are aware that the articles imported include rubber goods, balloons, toys, safety razors and razor blades, glass-ware, locks, fountain pens, lead pencils etc.,

(c) the steps Government have taken or propose to take to prevent such imports and to encourage the manufacture of these articles in the country,

(d) whether Government propose to consider the desirability of enforcing the rule that the applicants for licence for the import of consumers' goods, must furnish the samples of the articles proposed to be imported with the applications and must undertake that the goods imported will be in conformity with the samples furnished, and

(e) the number of import licences refused since the 2nd September 1946 on the ground that it is detrimental to the interest of the country to import the article or articles in respect of which licences, were sought?

The Honourable Mr. L. I. Chundrigar: (a) Presumably Honourable Member is referring to imports in general if so there is no heavy import of articles in the country, but it is true large quantities of some articles are imported in the country.

(b) Yes.

(c) It is proposed to review the whole Import Trade Control policy shortly with a view to restricting further imports of certain consumer goods which have been imported in large quantities. In so far as the question of encouraging the manufacture in India of articles which are imported, the Government of India have appointed Industrial Panels to make recommendations regarding the development of Industries, both existing and new with a view to encourage manufacture in India of articles now imported from abroad. Besides these Panels Working Committees have been constituted to advise the Government in connection with the development of other industries. I lay on the table a list of the Panels mentioned by me.

(d) The suggestion is not practical.

(e) The information is not readily available and its collection will entail considerable work. It is felt that the time and labour involved in collecting the information will not be commensurate with the advantage of collecting it.

List of Industrial Panels

(1) Iron & Steel (Major) (2) Iron & Steel (Minor) (3) Prime Movers (4) Automobiles & Tractors (5) Shipbuilding & Marine Engineering (6) Electrical Machinery and equipment (7) Industrial Plant and Machinery (Heavy) (8) Machine Tools (9) Light Engineering Industries (10) Heavy Chemical Industries (11) Fine Chemicals, Drugs and Pharmaceuticals (12) Paper, Pulp, Wood Pulp, Chemical Cotton, Pasteboards, Straw Boards etc. (13) Plastics & Celluloid (14) Rayon & Artificial Silk (15) Sugar, Alcohol and Food Yeast (16) Glass (17) Refractories & Ceramics (18) Soaps & Oils (19) Paints & Varnishes (20) Electro Chemical Industries (21) Wool (22) Silk (23) Coir, rope, cordage and other fibre industries (24) Hosiery (25) Readymade clothing (26) Non-Ferrous Metal industries (27) Leather & Leather Goods (28) Scientific Instruments (29) Textile Planning Committee (Textiles Panel)

Prof. N. G. Ranga: How is it that the suggestion made here is impracticable? The reason that it would be impossible for people who order for all these various things to supply advance samples to the Government is no reason at all. They must have had the samples themselves before they order for these things.

The Honourable Mr. I. I. Chundrigar: In many cases samples are not received because goods are well known by a particular trade description and the suggestion was whether Government propose to consider the desirability of enforcing the rule that the applicants for licence for the import of consumers' goods must furnish the samples of the articles proposed to be imported with the applications, and that is why I said that the suggestion is impracticable.

Mr. Geoffrey W. Tyson: With reference to answer to part (c) of the question, will the Honourable the Commerce Member kindly say whether the revision of import licences which is contemplated will be based upon the possibilities of manufacture in this country or whether other considerations such as exchange will be taken into consideration?

The Honourable Mr. I. I. Chundrigar: This question has been raised on various occasions in the past and I have already replied to it. It is only after considering all the aspects of the case that the Government will arrive at a decision.

Mr. Geoffrey W. Tyson: All the aspects of the case including the availability of foreign exchange?

The Honourable Mr. I. I. Chundrigar: Yes.

Sri M. Ananthasayanam Ayyangar: May I know why, if these are the principles which have been all along adopted, a large quantity of articles covered by clause (b) have been allowed to come into this country?

The Honourable Mr. I. I. Chundrigar: There was a great shortage of these articles and at that time the public clamour was to remove all the restrictions on imports. It was as a result of this demand that the restrictions were entirely removed. It was said that no control whatsoever on imports was necessary and therefore certain articles were placed in the Open General Licence and the Universal Open General Licence with the result that with regard to these articles it was not necessary to obtain a licence from the Government and imports of these articles took place when they were placed in the Universal Open General Licence. When complaints of excessive imports were received by the Government they were removed from the Universal Open General Licence.

Prof. N. G. Ranga: With regard to part (c) of this question the Honourable Member said that the time and labour involved in collecting all this information will not be commensurate with the advantages derived by supplying the information, but is it or is it not a fact that the Government do refuse to give licences to people to import certain articles on the ground that the importation of such articles is not in the interest of India?

The Honourable Mr. I. I. Chundrigar: The refusal is on various grounds and this is the ground in some cases.

Mr. Geoffrey W. Tyson: The Honourable the Commerce Member stated in answer to one of the supplementaries that Government were reconsidering the whole question of their import policy. Is he in a position to state when they will be able to make an announcement as a result of this reconsideration?

The Honourable Mr. I. I. Chundrigar: Well, one announcement has already been made as a result of reconsideration. Some other cases are being examined and I think the policy will have to be revised from time to time and announcements will be made from time to time as soon as decisions are reached.

PENSIONS UNDER THE WAR PENSIONS SCHEME, 1944

1321. *Mr. Tamisuddin Khan: Will the Honourable the Commerce Member be pleased to state.

(a) the amount of pensions granted under the War Pensions (Indian Seamen, etc) Scheme, 1944, and the dates of their commencement in the following cases

- (i) Parents of Fazlur Rahman s/o Appatullah ex s s "Fort Longueuil",
- (ii) Parents of Md Samroo s/o Abdul Ghani ex s s "Yorkshire",
- (iii) Parents of Babul Huq s/o Abdul Sattar ex s s "Nairang",
- (iv) Mother of Makhbul Ahmed s/o Abdul Ghafoor ex s s "Calabria",
- (v) Mother of Abdul Rasool s/o Samiuddin ex s s "Frimpur",
- (vi) Parents of Abdul Mian ex s s "Oakbank", and

(b) if the pensions, wherever granted, have not been paid with effect from the 1st May, 1944, the date from which eligibility commences under the revised scheme of 1944, and up to the maximum amount admissible in each of these cases, whether Government propose to review the cases once again?

The Honourable Mr. I. I. Chundrigar: (a) (i) A pension of Rs 12 per mensem has been sanctioned to Hazi Azmat Ulla father of the seaman Fazlur Rahman with effect from May 1, 1944. No separate pension was sanctioned to Fariza Khatun the mother of the seaman.

(ii) A pension of Rs 12 per mensem has been sanctioned to Abdul Ghani father of the late Md Samroo with effect from the 1st May, 1944. The mother of the seaman was not awarded a pension.

(iii) No award was sanctioned to the parents of the deceased seaman Babul Huq on the ground that the father was earning Rs 25 per mensem.

(iv) A pension of Rs 10 per mensem was sanctioned to Atorjan, mother of the deceased seaman Makhbul Ahmad, with effect from the 30th March, 1945 onwards as she became eligible for the same from the date of remarriage of the widow of the seaman on the 30th March 1945. Prior to that date she was living with the widow.

(v) In this case Rs 12 per mensem to the widow and Rs 2 per mensem for each of three children of Abdul Rashid Samiuddin under the age of 14 years were sanctioned with effect from the 2nd May 1943. No separate pension was sanctioned to the mother of the seaman as she was living with the widow.

(vi) A pension of Rs 16 per mensem was sanctioned to the parents of the seaman Abdul Mian with effect from the 1st June, 1946 onwards.

(b) The date for the commencement of pension and the amount of award are determined in each case on merits. Government will re-examine cases in which there are *prima facie* grounds to do so.

Mr. Tamisuddin Khan: With reference to the answer to item 3, what are the grounds on which Government consider that an income of Rs 25 for a family is sufficient to disentitle the mother of a deceased seaman not to get any pension?

The Honourable Mr. I. I. Chundrigar: The report received in this case was that as the father of the deceased seaman had an income of Rs 25 per month, he could maintain himself and his family and no pension need be given. This is one of those cases which will be re-examined in the light of my statement that the Government will re-examine cases in which there are *prima facie* grounds to do so.

Mr. Tamisuddin Khan: In view of the prevailing all round high prices and the very ridiculous rates of pensions given will the Honourable Member consider it desirable to review the entire question and not only individual cases—I mean a revision of the rates.

The Honourable Mr. I. I. Chundrigar: The rules which were framed in this connection only laid down the maximum amount which can be given as allowance either to the widow, the children or other dependants of the deceased seaman. I find that most of the officers concerned have given awards much below the maximum permissible under the rules, and looking to the use in the cost of living, some of the allowances appear to be very meagre and I will ask one of the officers concerned to revise all these cases.

Khan Abdul Ghani Khan: This pension of Rs. 2 per child is that a maximum or minimum?

The Honourable Mr. I. I. Chundrigar: Well, the maximum for a child is Rs. 6 in certain cases and Rs. 3 in other cases. That is very low. I do not see why the maximum should not have been given.

Khan Abdul Ghani Khan: Will the Honourable Member think of revising the maximum and minimum scales?

The Honourable Mr. I. I. Chundrigar: In this case, the rules are not framed by the Government of India. This is about seamen employed on British ships and the rules are framed by His Majesty's Government. The pensions and the other allowances are also paid by His Majesty's Government. They are only determined by the officers of the Government of India. As the cases have not been properly considered, many of them will be reviewed.

Lala Deshbandhu Gupta: It seems to have been done at the instance of the Government.

Mr. President: Order, order.

ALLOWANCES ADMISSIBLE TO A CHILD OF A DECEASED SEAMAN UNDER WAR PENSIONS SCHEME 1944

1322. *Mr. Tamizuddin Khan: (a) Will the Honourable the Commerce Member be pleased to state what are the rates of allowances admissible to a dependent child of a deceased seaman under the War Pensions (Indian Seamen, etc.) Scheme, 1944?

(b) Do Government propose to increase the rates?

(c) What is the age limit upto which children's allowances are payable under the scheme?

(d) Do Government propose to raise the age limit?

The Honourable Mr. I. I. Chundrigar: (a) The rates of allowance admissible to an eligible child of a deceased Indian seaman are (i) in a case where the child's mother is dead and the child is neither living with nor under the control of a widow of the seaman a monthly rate of six rupees, and (ii) in any other case a monthly rate of three rupees.

(b) The question of increasing the rates will be considered by Government.

(c) Fourteen years.

(d) The matter is receiving consideration.

AGE OF SUPERANNUATION FOR THE MINISTERIAL STAFF

1323. *Mr. Tamizuddin Khan: (a) Will the Honourable the Commerce Member be pleased to state what is the age of superannuation for the ministerial staff in (i) the Commerce Department (ii) the office of the Economic Adviser to the Government of India and (iii) the office of the Director of Commercial Intelligence?

(b) If the age limit is not uniform in all these cases, what are the reasons for that and do Government propose to prescribe a uniform age of superannuation?

The Honourable Mr. I. I. Chundrigar: (a) All ministerial servants in any office whatsoever who entered Government Service before 1st April 1938 may be required to retire at the age of 55, but are ordinarily to be retained in service if they continue to be efficient up to the age of 60 years. Ministerial Servants who entered Service after that date are ordinarily required to retire at the age of 55 years.

(b) Does not arise.

Mr. Tamizuddin Khan: May I know the number of ministerial officers retired at the age of 55 and those retained after the age of 55 in all the offices mentioned in my question?

The Honourable Mr. I. I. Chundrigar: Five officers were retired at the age of 55 in three years—1941, 1945 and 1946, and nine officers were retained in service after they attained the age of 55.

Prof. N. G. Ranga: What is the answer to (a) (i) to (iii)—in the Commerce Department, in the office of the Economic Adviser and in the office of the Director of Commercial Intelligence? Does his answer cover all these offices?

The Honourable Mr. I. I. Chundrigar: Yes, all the offices.

REQUISITIONED BUNGALOWS FOR MEMBERS OF INTERIM GOVERNMENT

1324. ***Mr. Madandhari Singh:** Will the Secretary of the Works, Mines and Power Department be pleased to state

(a) the number and location of bungalows requisitioned for the use of the Honourable Members of the Interim Government,

(b) the rental value of each building so requisitioned,

(c) the expenditure incurred by Government on repair and alteration, if any made, in any of such buildings, and

(d) the period for which the buildings are requisitioned?

Mr. B. K. Gokhale: (a) to (d) A statement giving the necessary information is placed on the table. These bungalows were requisitioned between 1941 to 1943 and were thus not specifically requisitioned for the use of the Honourable Members of the Interim Government. The figures of expenditure on additions and alterations and on ordinary and special repairs have been given only for the period since the formation of the Interim Government.

Statement of Bungalows requisitioned or leased for the use of the Hon'ble Members of the Interim Government.

Serial No.	Location of Bungalow	Compensation or rent per annum	Expenditure incurred on additions and alterations since the formation of Interim Government	Expenditure incurred on ordinary and special repairs since the formation of Interim Government	Period for which requisitioned or leased	Remarks
1	17, York Road	Rs a p 8,000 0 0	Rs a p 909 0 0	Rs a p 2,349 0 0	Requisitioned for an unspecified period until further orders of the Centr. I Government	..
2	1, Aurangzeb Road	5,016 0 0	2,552 0 0	4,212 0 0	Ditto	..
3	22, Prithviraj Road	3,600 0 0	Nil	2,335 0 0	Ditto	..
4	26, Ferozshah Road	8,000 0 0	5,880 0 0	2,523 0 0	Ditto	..
5	1, Bhagwandas Road	4,200 0 0	Nil	2,105 0 0	Ditto	..

Lala Deshbandhu Gupta: May I know if it is a fact that some of the Honourable Members have got their own bungalows requisitioned by Government?

Mr. B. K. Gokhale: This is not to my knowledge?

Lala Deshbandhu Gupta: Or of their wives?

Mr. B. K. Gokhale: No, Sir

Prof. N. G. Ranga: Are these buildings placed at their disposal free of rent or deducted from their salaries?

Mr. B. K. Gokhale: They pay the usual rent which is Rs 424/7 or something like that, per month

Lala Deshbandhu Gupta: Is it a fact that in one case the Government has sanctioned Rs 30,000 to be spent on repairs or additions to a bungalow?

Mr. B. K. Gokhale: I do not know any case of Rs 30,000. The Statement gives the amount which has been spent on additions and alterations. I may add, Sir, that the question only refers to requisitioned accommodation. I am answering a question on requisitioned bungalows.

Lala Deshbandhu Gupta: Has any bungalow been placed voluntarily at the disposal of any Interim Government Member?

Mr. B. K. Gokhale: There are two bungalows which have been taken by Government on lease—one is leased and one was voluntarily placed at the disposal of Government by Mr Pattani, Dewan of Bhavnagar State. It is No 5 Man Singh Road. The other leased house is 8-B Hardinge Avenue which belongs to Begum Liaquat Ali Khan.

Lala Deshbandhu Gupta: What is the rent paid in respect to that bungalow?

Mr. B. K. Gokhale: The rent has been assessed at Rs 5,052 per annum but the furniture rent has not yet been assessed.

Lala Deshbandhu Gupta: What is the estimated cost of the additions and alterations that are to be made to this particular bungalow?

Mr. B. K. Gokhale: Rs 21,800

Lala Deshbandhu Gupta: How is Government likely to recover this amount and up to when?

Mr. B. K. Gokhale: Under the lease, there is a clause by which the property will be taken over by the owner according to certain terms and conditions, after allowing for depreciation and all that sort of thing. That is under the lease.

Lala Deshbandhu Gupta: What is the period of the lease?

Mr. B. K. Gokhale: The present period is one year but the understanding is that the house will be taken on lease by Government so long as the Honourable Member wants it for his own residence.

CONDITIONS FOR THE ISSUE OF EXPORT LICENCES

1325 ***Mr. G. B. Dani:** (a) Will the Honourable the Commerce Member be pleased to state whether export licences are issued by the Central or Provincial Government?

(b) What are the conditions governing the issue of export licences?

(c) Did the Modak Agency, Bombay apply for a licence to export their articles of cottage industries to America, England, Far East and Middle East?

(d) If so, has permission been granted?

The Honourable Mr. I. I. Chundrigar: (a) Export licences are issued by the Central Government or by officers authorised by them.

(b) In view of the large number of commodities export of which is controlled, it is not possible to give in detail the conditions governing the issue of export licences for each individual commodity.

(c) and (d) Messrs Modak Agency applied to the Chief Controller of Exports in July 1946 for licences to export articles made of sisal fibre, real rubies, synthetic rubies, woollen carpets and namdas. A reply was sent to them that no export licence for export of real and synthetic rubies, and woollen carpets was necessary. A licence for export of sisal goods worth Rs. 1,200 was also granted to them. When further requests for export of sisal goods were received from them, they were asked to apply to the Director-General of Industries and Supplies, who is the Controlling Authority for export of sisal goods.

ALLOTMENT OF PLOTS OF LAND TO MINISTERIAL STAFF FOR BUILDING HOUSES

1326. *Pundit Thakur Das Bhargava: (a) Will the Secretary of the Works, Mines, and Power Department kindly state whether it is a fact that there is great congestion in housing accommodation in Delhi in general and especially for Central Government ministerial staff?

(b) Do Government propose to consider the desirability and feasibility of providing small plots of land to the Central Government servants free of cost or at nominal cost and building material at controlled rate so as to enable them to build colonies of 500 to 1000 houses at their own cost and live in their own houses?

(c) Are Government aware that the United Provinces Government have allotted plots to their ministerial staff for building houses at Lucknow and that the scheme has proved a success?

(d) Are Government aware that large tracts of land are available on Muttra Road and Harding Avenue in New Delhi for use as building sites?

Mr. B. K. Gokhale: (a) There is great congestion in housing accommodation in Delhi, but the position of the Central Government ministerial staff is perhaps no worse than that of the general public as they are eligible for allotment of Government quarters or house rent allowance in certain cases where no quarters can be found.

(b) No Sir.

(c) No Sir.

(d) Some land is available on Muttra Road and Harding Avenue which is reserved to meet Government requirements.

MUSLIM GAZETTED OFFICERS IN THE SECRETARIAT OF EXTERNAL AFFAIRS DEPARTMENT

†1327. *Mr. Shah Nazar Hasan: (a) Will the Honourable Member for External Affairs please state the number of Gazetted Officers with their designations and pay in the Secretariat of External Affairs Department?

(b) How many of them have been appointed since September 1946?

(c) What is the percentage of Muslims in these new appointments?

(d) What steps do Government propose to take to secure adequate representation for the Muslim Community in the Senior Secretariat posts in this department?

The Honourable Pandit Jawaharlal Nehru: (a) A statement has been placed on the table of the House.

(b) Six, of whom two are I.C.S. officers, two come from the Central Administrative Reserve and two are promoted officers.

(c) None of these six officers is a Muslim, but there has been one Muslim officer on special duty.

(d) Superior posts in the Department's Secretariat will eventually be filled by officers of the Indian Foreign Service, recruitment to which provide for the prescribed communal composition for the Service. It is intended to appoint suitable Muslim officers in the Secretariat as soon as they are available.

† Answer to this question laid on the table, the questioner being absent.

Statement showing the number of Gazetted Officers with their designations and pay in the Secretariat of the External Affairs Department

Designation	Number	Pay
Foreign Secretary	One	Rs. 4,000 p.m.
Joint Secretaries	Three	Rs. 3,000 p.m. each
Deputy Secretaries	Six	On pay in the time scale I P 8 plus a special pay of Rs. 400 p.m. each
	One	On pay in the time scale of I.C.S. plus a special pay of Rs. 400 p.m.
Junior Secretaries	Six	On pay in the time scale of I P 8 plus a special pay of Rs. 300 p.m. each
	One	On pay in the time scale in the Indian Audit and Accounts Service plus a special pay of Rs. 300 p.m.
	One	On pay as Asst. Secretary plus a special pay of Rs. 50 p.m.
	Two	On pay of Rs. 600-40-1,000 p.m. plus a special pay of Rs. 100 p.m. each or Rs. 750 p.m. as initial pay
Assistant Secretaries	Four	On pay of Rs. 1,000-50-1,250 p.m. each

INDIAN TROOPS IN BURMA

1328. *Prof. N. G. Ranga: Will the Honourable Member for Commonwealth Relations be pleased to state

(a) whether the attention of Government has been drawn to the news item published in the *Hindustan Times* of 19th March 1947, regarding the rounding up of bandits in Burma forests by British, Indian and other troops,

(b) why Indian troops are still kept in Burma,

(c) how many Indian soldiers and officers there are in Burma,

(d) for how much longer they will be there,

(e) whether they are there at the request of the Interim Government of Burma, and

(f) who is paying for them?

The Honourable Pandit Jawaharlal Nehru: (a) Yes Sir

(b) Indian troops in Burma are a legacy from the war. Since then their numbers have been reduced and are being progressively withdrawn.

(c) It has not been the policy of this Government as of other Governments to disclose the number of troops employed abroad. This matter however came up before the United Nations General Assembly and it was stated on behalf of India that we would have no objection to making this disclosure in common with other countries. That continues to be our position and we shall gladly fall in line with any general policy adopted in regard to this. Till then it would be

inadvisable for the Government of India to take the initiative in this matter by disclosure of the strength of Indian troops abroad.

(d) and (e) It is the policy of the Government of India to withdraw all Indian troops stationed abroad. In regard to Burma this policy is pursued in co-operation with the Government of Burma.

(f) His Majesty's Government.

Prof. N. G. Ranga: In regard to part (d) of the question I have asked there for information as to how long Indian troops will be in Burma. Is there no time limit at all?

The Honourable Pandit Jawaharlal Nehru: There is no exact time limit but it is our desire to complete this withdrawal within a year or so. The process is going on, as I have said. If the Honourable Member is thinking of Burma, particularly, the matter is being dealt with in co-operation with the Government of Burma. It is well known that conditions in Burma are difficult and the Government of Burma is trying to deal with none too easy a problem. In the circumstances it would not be fair to the Government of Burma suddenly without their consent and approval to take some step which might embarrass them considerably. That is one reason which we have to bear in mind.

Prof. N. G. Ranga: In view of the fact that in the past the Burmans very much resented the presence of Indian troops in their country, are we to understand now that the Interim Government in Burma is agreeable to our troops being there and they feel that our troops are serving their national interest?

The Honourable Pandit Jawaharlal Nehru: I would inform the Honourable Member that we have to act in this matter entirely with the approval and after consultation with the Government of Burma. It is physically not possible suddenly to remove large numbers of troops. After a decision on policy is taken, then the implementation of the policy takes sometime, because of transport arrangements and also because as soon as those troops come to India they have to be demobilised. The process of demobilisation of troops in India itself is likely to be retarded by the sudden incursion of troops from outside. All these matters have to be taken into consideration. One thing is perfectly clear and that is that we do not propose to do anything and we will not do anything in Burma which is in any sense opposed to the interests of the Government of Burma or the national sentiments of Burma.

OFFICIALS AND CLERKS IN THE LABOUR DEPARTMENT BELONGING TO URBAN AND RURAL AREAS

1829. ***Chaudhri Sri Chand:** Will the Honourable the Labour Member please state

(a) the number of officials and clerks in his Department and attached offices at Delhi, and

(b) the number of officials and clerks belonging to the (i) urban, and (ii) rural areas?

The Honourable Shri Jagjivan Ram: (a) 503

(b) In the absence of well defined criteria to be adopted for classifying people as belonging to rural and urban areas, the information asked for by the Honourable Member cannot be collected.

Chaudhri Sri Chand: How long will the Honourable Member take to collect this information?

Mr. President: The Honourable Member says that it is impossible to collect it.

Chaudhri Sri Chand: Is the Government prepared to appoint a board to find out this information?

The Honourable Shri Jagjivan Ram: The intention of the question is not clear.

ELECTION TO COUNCIL OF THE INDIAN INSTITUTE OF SCIENCE, BANGALORE 2789

OFFICIALS AND CLERKS IN THE COMMERCE DEPARTMENT BELONGING TO URBAN AND RURAL AREAS

1330. *Chaudhri Sri Chand: Will the Honourable the Commerce Member please state

(a) the number of officials and clerks in his Department and attached offices at Delhi, and

(b) the number of officials and clerks belonging to the (i) urban, and (ii) rural areas?

The Honourable Mr. I. I. Chundrigar: (a) Officials 79, Clerks 671

(b) (i) and (ii) Presumably Honourable Member wants to know whether they belonged to urban or rural areas at the time of their appointment, if so, the time and trouble involved in collecting the information will not be commensurate with the results obtained

MESSAGE FROM THE COUNCIL OF STATE

Secretary of the Assembly: Sir, the following Message has been received from the Council of State

"The Council of State at its meeting held on the 31st March, 1947, agreed without amendment to the Bill to give effect to the financial proposals of the Central Government for the year beginning on the 1st day of April 1947, which was passed by the Legislative Assembly at its meeting held on Friday, the 28th March 1947"

ELECTION TO STANDING COMMITTEE FOR INFORMATION AND BROADCASTING DEPARTMENT

Mr. President: I have to inform the Assembly that up to 12 Noon on Monday, the 31st March, 1947, only one nomination was received for the tenth vacancy in the Standing Committee for the Department of Information and Broadcasting. I, therefore, declare Mr Ananda Mohan Poddar to be elected to the Standing Committee, the election of which is now complete

ELECTION TO COUNCIL OF THE INDIAN INSTITUTE OF SCIENCE, BANGALORE

Mr. President: I have to inform the Assembly that up to 12 Noon on Monday, the 31st March 1947, the time fixed for receiving nominations for the Council of the Indian Institute of Science, Bangalore, one nomination was received. As there is only one candidate for the vacancy, I declare Pandit Lakshmi Kanta Mutra to be duly elected to the Council for the period 1947-49 (both years inclusive)

Dr. Zia Uddin Ahmad (United Provinces Southern Divisions: Muhammadan Rural) Sir, in connection with this election the point was made by Prof Ranga that the number of members for the Council of Bangalore Institute of Science to be elected by the Assembly should be raised from one to two. This was accepted by the Honourable Member in charge of Education. A similar suggestion was also made in connection with the Central Committee of the Tuberculosis Association of India. It was also accepted. Will you please verify?

Mr. President: My own impression was—perhaps that refers to some other Committee—that there were already two seats and the vacancy was in respect of one.

Dr. Zia Uddin Ahmad: The Honourable Member increased it to two. You please refer it to the Honourable the Education Member.

Mr. President: The motion before the House was for election to one seat.

Prof. N. G. Ranga (Guntur *cum* Nellore Non-Muhammadan Rural) He gave an assurance with regard to the future.

Dr. Zia Uddin Ahmad: And also for this case. You please refer it to the Honourable the Education Member.

ELECTION TO STANDING COMMITTEE FOR AGRICULTURE DEPARTMENT

Mr. President: I have to inform the Assembly that up to 12 Noon on Monday, the 31st March, 1947, the time fixed for receiving nominations for the Standing Committee for the Department of Agriculture, ten nominations were received. As the number of candidates is equal to the number of vacancies, I declare the following members to be duly elected to the Committee during the financial year 1947-48 —

(1) Makhdoom Al-Haj Syed Sher Shah Jeelani, (2) Mr Shah Nazar Hasan, (3) Mr C P Lawson, (4) Chaudhury Sri Chand, (5) Babu Ram Narayan Singh, (6) Mr G B Dam, (7) Seth Sukhdev, (8) Khan Abdul Gham Khan, (9) Sri V Gangaraju and (10) Sardar Narayanao Ganpatiao Vinchoorkar

COMMENCEMENT OF THE MEETING OF ASSEMBLY AT 12 NOON ON THE 2ND APRIL AND SUSPENSION OF QUESTION HOUR

The Honourable Pandit Jawaharlal Nehru (Leader of the House) Sir, may I suggest for the consideration of the House that the House might meet tomorrow at 12 O'Clock instead of at 11. The reason for this is that Members of Government may find it difficult to come here at an earlier hour because of a Cabinet meeting tomorrow morning to consider certain rather important and urgent matters

Mr. President: It is an eminently reasonable request and I trust the House will agree to it. Then I take it that we begin at 12. Looking to the shortness of time we shall not have any Questions. The Question Hour will be suspended when the House meets tomorrow.

Mr. Manu Subedar (Indian Merchants' Chamber and Bureau Indian Commerce) Sir, it is a private Bills day and I do not know why Question Hour should be suspended. After the new constitutional changes I do not see very much scope for private Bills. I feel that Question Hour should not be dispensed with.

Mr. President: Then the question stands differently. I thought it was an official day.

The Honourable Pandit Jawaharlal Nehru: May I suggest that if there is time left tomorrow after private Bills it might be utilised for official business? I do not wish to encroach on the time for private Bills, but there is plenty of official business and if there is time left there is no reason why we should not get it through.

Seth Govind Das (Central Provinces Hindi Divisions Non-Muhammadan) Even after Question Hour and non-official business, if we have more time we can transact official business.

Pandit Balkrishna Sharma (Cities of the United Provinces Non-Muhammadan Urban) Sir, there is no reason why Question Hour should not be suspended as you suggested in the first instance. There are certain Members who delight in exchange of fireworks.

Mr. President: The Honourable Member is not in order.

Syed Ghulam Bhik Nairang (East Punjab Muhammadan) Sir, I would point out that it would be very invidious to treat non-official Bills as something of a very subsidiary or secondary importance. In fact I have all along felt that the time allotted for the consideration of non-official Bills is much too inadequate and it will be a great hardship if the time for non-official Bills is lessened by one hour on account of the Cabinet meeting and by a further one hour on account of Questions. I would therefore suggest that you may kindly dispense with the Question Hour so that we may give such time as we have to the consideration of non-official Bills without thinking of any other business.

The Honourable Pandit Jawaharlal Nehru: May I say that it is not at all our desire to treat non-official Bills as secondary matter? What I suggested was that if time was available at the end, it might be devoted to official business.

Khwaja Nazimuddin (Burdwan and Presidency Divisions Muhammadan Rural) We have no objection to that.

Mr. President: There appears to be some division as to whether we should have the Question Hour or not.

Mr. Manu Subedar: Sir, I withdraw my objection.

Mr. President: Then the Question Hour will be suspended tomorrow and the House will meet at 12 O'clock.

REPORT OF THE LABOUR INVESTIGATION COMMITTEE—LAID ON THE TABLE

The Honourable Shri Jagivan Ram (Labour Member) Sir, I beg to lay on the table a copy of the main Report of the Labour Investigation Committee.

RUBBER (PRODUCTION AND MARKETING) BILL

PRESENTATION OF THE REPORT OF THE SELECT COMMITTEE

The Honourable Sri C. Rajagopalachari (Member for Industries and Supplies) Sir, I present the Report of the Select Committee on the Bill to make provision for assistance to the rubber plantation industry by regulating export from and import into British India of rubber and the sale of rubber therein and by other means.

CONTROL OF SHIPPING BILL

PRESENTATION OF THE REPORT OF THE SELECT COMMITTEE

The Honourable Mr. I. I. Chundrigar: (Commerce Member) Sir, I present the Report of the Select Committee on the Bill to provide for the control of shipping.

RESERVE BANK OF INDIA (SECOND AMENDMENT) BILL

The Honourable Mr. Liaquat Ali Khan (Finance Member) Sir, I beg to move for leave to introduce a Bill further to amend the Reserve Bank of India Act, 1934 (Second Amendment).

Mr. President: The question is

That leave be granted to introduce a Bill further to amend the Reserve Bank of India Act, 1934 (Second Amendment).

The motion was adopted.

The Honourable Mr. Liaquat Ali Khan: Sir, I introduce the Bill.

INDIAN TARIFF (AMENDMENT) BILL

The Honourable Mr. I. I. Chundrigar (Commerce Member) Sir, I beg to move for leave to introduce a Bill further to amend the Indian Tariff Act, 1934, and the Sugar Industry (Protection) Act, 1932.

Mr. President: The question is

"That leave be granted to introduce a Bill further to amend the Indian Tariff Act, 1934 and the Sugar Industry (Protection) Act, 1932."

The motion was adopted.

The Honourable Mr. I. I. Chundrigar: Sir, I introduce the Bill.

BUSINESS PROFITS TAX BILL—*contd*

Mr. President: The House will now proceed with the further consideration of the following motion

That the Bill to impose a special tax on a certain class of income, as reported by the Select Committee, be taken into consideration "

Sri M. Ananthasayanam Ayyangar (Madras Ceded Districts and Chittoor Non-Muhammadan Rural) Sir, yesterday the Honourable the Finance Member in accepting the amendments that have been suggested said that the compromise measure, as it has emerged, will give him a revenue of only Rs 12 crores as against Rs 30 crores which he expected under the original Bill. I wonder why when there was a suggestion that the Excess Profits Tax Act may be continued for this year he did not accept that suggestion at all. The Excess Profits Tax would certainly yield Rs 30 crores which the Honourable Member wanted. I find him shaking his head evidently against the suggestion and is disputing the correctness of the statement I made. I would like therefore the Honourable Member to give us the particulars of the amounts that were collected by way of Excess Profits Tax in the previous years so long as the Act was in force. The Honourable Member's predecessor Sir Archibald Rowlands wanted to abolish the Excess Profits Tax. We took exception to abolishing it prematurely. We wanted it to be continued this year also. Then the industrial magnates were not in favour of the continuance of the Excess Profits Tax lest that should interfere with the growth of industry. But now I find that the industrialists themselves would prefer the Excess Profits Tax to the Business Profits Tax. When they are now willing to have it we are not willing, when we wanted it they were opposed to it. It is a rather curious kind of circumstance. We were not for abolishing the Excess Profits Tax last year. Had it only continued I do not think this Bill, the Business Profits Tax Bill, would have come at all or would have been thought of. We wanted its continuance. Now that its continuance is accepted by the industrialists themselves we want to go back and bring another measure. It is rather strange. Why should people blow hot and cold? The Honourable the Finance Member was sitting in front of us though he did not hold last year the capacity which he now holds. I do expect an explanation as to why he goes over the suggestion that the Excess Profits Tax may be continued. It is true in some cases that the Excess Profits Tax favours more the richer kinds of businessmen and does not favour the poorer section. If it is so, the Excess Profits Tax may be suitably amended so as to give the exemption up to Rs 1 lakh to the poorer section also. That could have been easily done. I am waiting for an answer to the question as to why he did not prefer the Excess Profits Tax which would certainly have yielded greater revenue to the exchequer, which even the industrialists accept, and with a suitable or small modification, even the smaller business men who started business after 1936 would have been satisfied. They would also get the benefits which are sought to be conferred under the Business Profits Tax Act.

There is another point from which this measure may be looked at. The Excess Profits Tax if continued would have avoided the amendment made in the present Bill. Under the present Act, capital includes borrowed capital also. Barring the interest that is paid on borrowed capital the excess over that is allowed by way of deduction under the present Bill. I do not find that borrowed capital has been tacked on to the capital as such in the Excess Profits Tax Act. The industrialists themselves are in favour of the continuance of the Excess Profits Tax and not the introduction of the B P T with this modification.

I was at a distance during the progress of the Finance Bill. From my part of the country I found in the papers volumes of encomiums heaped on the Honourable Member for having introduced a poor man's budget and so on. If that is really so, I wonder at one of the features of the Bill. The Honourable Member agreed to raising the limit of exemption in favour of joint Hindu

families from one lakh to 2 lakhs in this Bill. I do not consider that a Hindu joint family which gets an annual income of one lakh of rupees needs such kind of support or help but he must have done something under the ordinary Income Tax Act. He might have raised the lower income limit from 2,500 to 5,000 there. If he had only yielded to that, our friends would not have pressed for the raising of the figure from one lakh to two lakhs so far as the B.P.T. is concerned. He yields where he ought not and he sticks on where he should not. I cannot congratulate the Honourable Member on the Bill as it has emerged but anyhow all of us must be glad that there has been a compromise and we are trying to sail without much difficulty and with peace.

Dr. Zia Uddin Ahmad (United Provinces Southern Divisions, Muhammadan Rural) In the year 1928 when I was collecting materials for my book on the systems of education in France, I came across a school of beggary. In this school they were teaching the art of begging in a scientific manner. They had prepared a directory of charitable persons in which it was described that if you want to approach 'A' you must appear as a blind man, if you want to approach 'B' you must appear as a lame man and so on. The Directory described in details the appearance and arguments which will appeal to each individual. The School supplied on hire all sorts of equipments and clothes to these beggars. They had scientific and elaborate system of instruction. This School was an underground school unknown to the French Ministry of Education. They had worked out the details of beggary with enormous ingenuity.

The same is the case with evasion of income tax. The objects of beggary and evasion are similar. In one case instruction is given in school and in the other by private coaching. They have an unpublished prospectus. The Honourable the Finance Member pointed out the other day that income tax officers are intelligent and clever but those who evade are more intelligent and more clever. The one acts on personal instinct and the other has acquired by regular coaching. The School of evasion is also an underground school. The prospectus describes few fundamental principles of evasion. The first principle is 'oppose direct taxation'. Evasion becomes difficult in indirect taxation. Besides it will fall entirely upon the rich industrial capitalists. Indirect tax falls on everybody including the poor people. Oppose direct taxation by appealing to the development of industries. This alone will appeal to the enemies of evasion. They do not want the profit of the industrialist to be brought into the picture. Annul 50 per cent for profit and 30 per cent for dividend and anything short of this expectation should be called a loss. Loss should always mean the shortage in expected profit. High prices always benefit the industrialist. For your success, always attempt to increase the price level. Study the directory of personal equations of income tax officer in the selection of coaches. Preference should be given to retired income tax officers. Members of the legislature should not have access to the other. Success depends on the interpretation of income-tax Act which can always be twisted and adjust accounts in your favour. In every taxation proposal there is always a howl from the industrialist till they have mustered the new mode of evasion. Purpose of school of beggary and the school of evasion is similar. In one you cheat an honest gentleman in the other you cheat the Government. In the old prospectus of the school of evasion the system of keeping three system of accounts was recommended. Experts were engaged to prepare new registers. The principles are the same. Both are underground. Whenever a direct tax is proposed, the capitalists come out saying that industries will suffer. This happened in 1940 when the Excess Profits Tax was introduced. Every industrial member of the Assembly raised his voice against the Excess Profit tax. They said that industries will be badly hit and that the country wanted the development of industries in the interest of the war. I do not want to waste the time of the House by reading out the speech I made on that occasion, but whatever

[Dr Zia Uddin Ahmad]

I said in 1940 at that time on Excess Profit Tax Bill may be repeated *verbatim* today in connection with the B P Tax. We have seen that instead of industries being diminished, they have increased by leaps and bounds. This is evident from the fact that the income from the income-tax has also increased a great deal. I have got the figures of the income-tax from year to year as published in the Explanatory Memorandum circulated to the Members and 12 Nov. we find that last year alone our receipts from income-tax were 167 crores as compared to about 16 crores before the war. When the income tax has been increased, it means that industries have also increased. This is also evident from the fact that the purchase from the Supply Department alone during the war time was one crore a day, excluding the purchases by other Departments connected with War Supplies, and these purchases have really resulted in the accumulation of sterling balances of over 1,600 crores. Therefore, we have seen that the Excess Profits Tax instead of ruining the capitalists has tolled them in wealth. But there was one fact which we noticed at that time and I would like to repeat it now. The effect of the propaganda of capitalists has been to raise the price level. The prices were raised all round, so much so that the value of the rupee has now gone down to annas five.

I have studied very carefully the book called the Investors Book in which I have got the investments of all the important companies in India and I have also made calculations. I have taken two standard companies—one with a capital of 10 lakhs and the other with a capital of one crore. I have got with me all the calculations, but I will give you only the result which surprised me and will surprise my colleagues. The incidence of taxation about which we hear so much is very trifling. Take the case of the company with a capital of 10 lakhs. It has a reserve of 5 lakhs, of which 3 lakhs are invested elsewhere and it has a normal profit of 1,30,000. Without B P T the net income after paying all taxes would have been Rs. 73,125 and according to compromised Bill then income would be 71,151. The result is that without B P T the companies would have to pay 7 annas per rupee and with the Bill which is now before us, they are required to pay 7 annas and 1 1/3 pice. So, the only addition to the income-tax on account of this Bill has been 1 1/3 pice, that is, less than half a pice per rupee.

Mr. Tamizuddin Khan (Dacca cum Mymensingh—Muhammadan—Rural). Then, why there is such a howl?

Dr. Zia Uddin Ahmad: Because it has paid them. Now, take a bigger company whose capital is one crore and whose profit is 10 lakhs. In the case of this company the income-tax on account of this Bill has been increased from 7 annas to 7 1/2 annas, that is one-fifth of an anna less than 1 pice. Therefore, in the case of the bigger companies the incidence of taxation on account of this Business Profits Tax will be less than half an anna and in the case of smaller companies it will be less than half a pice. This is a very insignificant figure and yet there has been so much howl in the country on account of this. It is all right to make speeches under the influence of propaganda, but if you take solid facts and figures and work them out, you will find that the taxation as a result of B P T is practically negligible. It will not affect dividends, it will not affect industries. The incidence will fall only on reserve which will be slightly affected. Stock Exchanges have created sensation in the country. They are only gamblers, horses and they love such incidents as it will give them chance of bigger games in the sale of shares. Abolish them and stabilise share markets.

Then, Sir, there is one other point to which I would like to draw the attention of the House. I wish Mr. Manu Subedar were here because it will appeal to him. When the Bill emerged from the Select Committee we had a deficit of 32 crores. Now, on account of this compromised Bill the deficit has increased to 50 crores. This deficit will have to be met either by borrowing or by some other

method. We have all agreed on the point that by inflation the price level is raised and there is no dispute about it. I ask why it is raised? In inflation more notes are printed and circulated without having the security of metallic reserve. There is no paper currency reserve behind your notes. You issue hundreds when you have no money to pay. This means that *sakk* of the Government or in other words its financial prestige has suffered. As soon as the financial prestige of the Government is lowered and you have got Bank notes in circulation without equivalent reserve behind them, then the value of these paper notes goes down and consequently the prices of commodities in terms of these paper notes soar up. The same is the case when Government has the deficit budget. The *sakk* or the financial prestige of the Government of the country with a deficit budget is always affected and it definitely goes down. The result of the deficit budget is exactly the same as the result of inflation. Keeping these things in mind, I hope the Honourable the Finance Member will explain in what way his colleagues have contemplated to maintain the financial prestige. The result of a deficit budget is exactly the same as that of printing more notes and the effect of that is the rise in prices. So, by this action the Honourable the Finance Member has raised the price level. We have been pressing all the time that attempts should be made to lower the price level, but by the step that are being taken, the price level will be raised. So, we say one thing and do just the opposite. Be ready for higher dearness allowance and for higher salaries. By the time the report of the Pay Commission is published the needs of the people on account of further rise in prices will go up and they will remain as much dissatisfied and discontented than as they are now.

Now, one more point which I like to clear, namely, that the industrialists are benefitted twofold. In the first place, they have saved the income-tax to the tune of 18 crores. In the second place, they will be benefitted when the price level goes up and the money will come from the consumers. Therefore, they get money from the Government in the shape of the reduction of the income tax and they also get money from the consumers on account of the rise in prices. Therefore, these rich capitalists have really got double advantage—firstly, from the Government and secondly, from the consumers. This is a point which one cannot entirely overlook. I would like to visualise in what way this deficit of 50 crores which may be granted could be met. If it is to be met by printing more notes, then it leads to direct inflation. If it is to be met by borrowing, then the prestige of the Government will go down and the price level in such case will go up. I should very much like to know from the Finance Member and his colleagues what steps they are taking to lower the prices. They have admitted on the floor of the House repeatedly that they are making attempts to lower the price level, but in practice they are not. Deficit budget is another nail on the price level. If you want economic security in the country if you want people to live happily your first aim ought to be to lower the price level and to increase the purchasing power of the rupee. If the purchasing power of the rupee is not increased, though you talk that you want to reduce it but in practice you take all these steps by which it increases there will be great discontent in the country discontent among the poor people and discontent among the middle classes. This is not in the interest of the country. All our political programme will become subservient to the economic unrest which is now all over the country. I do beseech you to consider very seriously that by the steps you are now taking you are not lowering the price level. It is an economic truism that a deficit budget has the same significance as inflation. Both these lead to rise in price. It is unavoidable and any steps you take by means of controls will still further raise the price because controls do not lower prices. On paper you do lower, but in actual working you do not. Because the moment a control is declared on a certain article, it goes underground and people will have to pay higher prices, by purchasing in blackmarkets.

[Dr. Zia Uddin Ahmad]

In conclusion I wish to say this. We have been unnecessarily influenced by the capitalists who successfully carried on this propaganda on nothing. The amount of taxation which you impose on capitalists is nominal. It is not the tax of which they are afraid, but they really want to keep up the prices so that it will bring them greater income than the payment of less than half anna per rupee or in the case of smaller companies less than half pice per rupee. The maintenance of higher price level is really the object of businessmen. They want gambling, they want to exploit consumers. That is their aim which my Honourable friend may clearly understand.

About evasion of tax, it is admitted that the business people are much cleverer than the income-tax officers and I suggest that the Finance Member should take strong steps to rid this school of evasion. It is a very difficult thing. They have got very clever methods of doing this. I hope every effort will be made to catch the dodgers. They will try to see that the measures the Honourable Member has in mind may not be accepted. Propaganda both inside and outside will be against the other Bill. It will affect big people much more than B. P. F. Bill. I am not giving you any mathematical figure; my rough estimate is that about 30 per cent of the income-tax is evaded, five annas in the rupee is left unpaid. I gave you the example of Sakseria who left 30 crores without paying income-tax. I do not know whether Sakseria was ever a teacher in the underground school of tax evasion. But I may tell you that no tax dodger will ever teach him art. Prof. Ramsay Muir in Calcutta University Committee advanced a dogma that commercial education is useless. If a businessman is successful, he will not teach you the secret of his success. We do not like to learn from a businessman who is a failure and therefore it is useless. Similarly a man who practises tax evasion will not reveal the secret because he would like to keep it for himself. Therefore I beseech the Government to consider seriously and find out ways and means of meeting this deficit of 52 crores in a manner that the price level may not rise. That is the most important point which I wish to bring to your notice. I end by saying be ready for the propaganda which is sure to be launched about the Enquiry Committee and though the incidence of taxation is nominal the propaganda will be much greater, their focus will be 30 per cent evasion and not few pices of Business Profit Tax.

The Honourable Mr. Liaquat Ali Khan (Finance Member). Sir, it is really extraordinary. My Honourable friend Dr. Zia Uddin Ahmad has stated that by agreeing to reduce the tax, I am running the interest of the poor. The industrialists say that by levying the tax, I am running the interest of the poor. Both of them cannot be right and therefore I submit I am right.

Now, Sir, let me deal with some of the points that were raised during the course of the debate. My Honourable friend Mr. Manu Subedar wanted to know whether premium on shares would be considered for the purpose of capital computation. It will be. The premium on shares put to reserve will be considered for capital computation.

Sir Cowasjee Jehangir (Nominated Non-Official). That means it will be added to the capital. It is part of the capital.

The Honourable Mr. Liaquat Ali Khan: My Honourable friend wanted to know whether the deposits refunded to companies would be treated as income to be taxed or not. I suppose he means deposits that are with the Government on account of E. P. T. They will not be considered as income for the purposes of this particular tax, because these deposits have already paid taxes and there is no further tax on that.

Mr. Manu Subedar (Indian Merchants' Chamber and Bureau Indian Commerce). Will not these deposits be considered as capital because had they not been in deposit with the Government, they would have been put to the

reserve of the company and they would have then come under the present definition, but only the time lag between them prevents them from being included. Therefore, Sir, the request was that these deposits should be included in capital for the purpose of abatement.

The Honourable Mr. Liaquat Ali Khan: These deposits have been excluded as laid down in the Bill itself. Now, I would refer him to Schedule II clause 3 which says

"Any deposits with the Central Government under section 10 of the Indian Finance Act, 1942, or section 2 of the Excess Profits Tax Ordinance, 1943, shall not be regarded as an investment or other property for the purposes of this Schedule."

Sir Cowasjee Jehangir: These deposits are being received from 1st April 1947. If this Act is extended to 1947-48. Then I take it that these deposits will be counted as reserves which have income-tax for that year. I can understand they are not being counted for 1946-47, they are not being received. I can understand this clause that you read out. But if this Act happens to be extended to 1947-48, then these deposits, I presume will become reserves on which tax has been paid.

The Honourable Mr. Liaquat Ali Khan: I am concerned with the position in 1946-47. This tax does not apply to the income for 1947-48, that is a matter that will have to be considered at the appropriate time. At present this Bill is confined to profits earned during 1946-47 and so I think my Honourable friend would not ask me to answer a hypothetical question which may or may not arise later on.

The other point that was raised by Sir, Cowasjee Jehangir was that it may be difficult to find what was taxed reserve and what was not taxed reserve. On that point I can assure him that the income-tax people will assist companies and help them to find out what is taxed reserve and what is not, and I think there will be no difficulty about that. Then my Honourable friend also asked me to state definitely that this tax was for one year, 1946-47. I can state definitely that as the Bill stands the tax is only for 1946-47, I cannot make a more definite statement.

My Honourable friend Mr. Gole said that I had deliberately hidden some of the income in my budget for 1947-48 so that I might be able to come before the House and ask for more taxation. This statement is based either on complete ignorance or a deliberate attempt to impute a motive of deception to me. I shall be charitable and say that this is due to my Honourable friend's ignorance. The revised estimates of revenue for 1946-47 are 386 crores and the budget estimate of revenue for 1947-48, exclusive of new proposals, is 279 crores. So there is a difference of 107 crores between the income of last year and the budgeted revenue of next year. This is made up as follows. The estimate is less by Rs. 32 crores in the next year on account of E P T, less carry-over, there is a decrease of 3½ crores on account of central surcharges, less carry-over, an increase on account of income-tax of 14 crores. Then there is a special item in 1946-47 of 29 crores on account of transfer of balances from war risk insurance funds, and the increase in income-tax paid to provinces is 5 crores. And other items net are about 1½ crores. So our revenue next year on account of these various items would be less by 71 crores and there would be an income of 14 crores more, thus leaving a difference of 57 crores. That is the position. It is not that I wanted to hide something from the House so that I might be able to persuade the House to pass these new taxation measures that I have proposed.

My Honourable friend Mr. Ayyangar asked me why I did not accept E P T which big business prefers to B P T. I gave a reply to that in my previous speeches, there are four important reasons. I can say that when I was considering this question I examined this position whether we could re-impose the

[Mr. Liaquat Ali Khan]

E P T or whether we should have some other kind of tax. During this examination I came to the conclusion that the E P T was very complicated and it was difficult to work, with the result that there were bound to be a large number of cases in arrears as there are today. And if we have got to make up and do away with all the past arrears we should have a tax for this year which would be easier to work. The second consideration was that the incidence of E P T as between one trader and another was not fair because it depended too much on pre-war profits, which really have no connection with conditions at present. It benefitted those companies which had better pre-war profit standards and it worked against newly started companies or those that did not have a pre-war good standard of profits.

Prof. N. G. Ranga (Guntur *cum* Nellore Non-Muhammadian Rural) Is my information correct that Tata's were the only prominent big firm which is likely to be benefitted by the E P T as compared to other firms, because they were supposed to be the biggest firm having a very large percentage of profit in pre-war times?

The Honourable Mr. Liaquat Ali Khan: There may be several other companies also. I cannot give all the information to my Honourable friend off-hand.

Sjt. N. V. Gadgil (Bombay Central Division Non-Muhammadian Rural) They were very few anyway.

The Honourable Mr. Liaquat Ali Khan: Yes. But what I say is that if injustice is done to many and the benefit goes to a few there is a better case for changing that system than there otherwise would be.

The third point was that E P T excluded incomes from vocations and professions, and I felt that there was good justification for putting this tax on profits and large incomes from vocations and professions which were really the direct result of the conditions prevailing in the country.

These were the considerations that prompted me to go in for B P T in preference to E P T. Then I have not yet been told one thing. If industry would really have to pay more for E P T why should they be anxious to pay more and not accept a lower tax?

Sri M. Ananthasayanam Ayyangar: They know the working.

The Honourable Mr. Liaquat Ali Khan: As far as the E P T is concerned let me tell my Honourable friend that, as I have said, it is very complicated. But this new tax is the easiest tax and it is very simple. I think even if I were Income-Tax Officer I could manage it, and I have no doubt that every Honourable Member of this House will be able to assess this tax much more easily than if they had to go by all the rules and complicated methods of the E P T. I can assure you that there is no mischievous design behind this. It is an easier tax to collect and easier tax to assess and as it is it will not fall heavily on the industry.

Mr. Sasanka Sekhar Sanyal (Presidency Division Non-Muhammadian Rural) And easier to pay.

The Honourable Mr. Liaquat Ali Khan: It is easier to pay because you know beforehand what it would be that you would have to pay.

Then Sir, there is another point. My Honourable friend, Mr. Ayyangar, did not seem to be very pleased with the concession that was made to Hindu undivided family.

Sri M. Ananthasayanam Ayyangar: I said smaller men might have been given greater exemption.

The Honourable Mr. Liaquat Ali Khan: I can assure my Honourable friend that nothing would have pleased me more than to raise the limit of exemption from 2,500 to 3,000.

Sri M. Ananthasayanam Ayyangar: I want 5,000 for the Hindu Joint family.

The Honourable Mr. Liaquat Ali Khan: My Honourable friend wants an exemption of 5,000 from income-tax for the Hindu Joint family. I think I dealt with that point when I was dealing with the amendment of my Honourable friend, Pandit Bhargava, in connection with the Finance Bill. What I said was that this matter could not be decided in the form of amendment to the Finance Bill. It concerned the whole of Income-tax law and it could only be considered when you were really deciding or considering the amendment of the Income-tax law.

Mr. Sasanka Sekhar Sanyal: Do Government propose to bring in an amending Bill?

The Honourable Mr. Liaquat Ali Khan: The Government at present have no such intention.

Sri R. Venkatasubba Reddiar (South Arcot *cum* Chingleput Non-Mahomedan Rural): Will they accept a non-official Bill?

The Honourable Mr. Liaquat Ali Khan: I do not know whether there was any other point on which any Honourable Member wanted me to say something, but if I have missed any point and if Honourable Members are in doubt about my particular matter, I shall be glad to deal with it.

Sri M. Ananthasayanam Ayyangar: I wanted an Industries Fund.

Mr. Manu Subedar: There was a point if I may remind the Honourable the Finance Member with regard to reserves which were carried over for conflagration or some kind of catastrophe by Fire Insurance and Marine Insurance companies and also such reserves which were kept by shipping companies—whether these reserves could not get the benefit of calculation for abatement purposes? I will be satisfied if Government will examine this question in due course. I do not want the Honourable the Finance Member to commit himself to any formula, but it is a hard case and it deserves consideration.

The Honourable Mr. Liaquat Ali Khan: I cannot say anything definitely at this moment, but as the Bill is at present it provides that any reserves which have paid tax will be considered as capital. That really is the definition.

Dr. Zia Uddin Ahmad: If this principle applies to companies it should apply to individuals also.

The Honourable Mr. Liaquat Ali Khan: I thought that as far as individuals are concerned in the case of vocation and profession it is mostly the individuals' claim that makes an income and there cannot be any reserves which have paid tax in a case of this kind.

Mr. President: The question is—

‘That the Bill to impose a special tax on a certain class of income, as reported by the Select Committee be taken into consideration.’

The motion was adopted.

Mr. President: We will now take up the Bill clause by clause.

Mr. Manu Subedar: Sir, I beg to move—

‘That for part (a) of sub-clause (1) of clause 2 of the Bill the following be substituted, namely—

(a) in the case of a company, not being a company deemed for the purposes of section 9 to be a firm, six per cent of the capital of the company on the first day of the said period computed in accordance with Schedule II or one lakh of rupees, whichever is greater or’.

[Mr Manu Subedar]

This is one of the concessions which the Honourable the Finance Member has given. It is something which every one in this House had urged in so far as the absolute limit of 1 lakh would not cover cases of companies whose capital exceeded certain large amounts. Sir, I do not wish to take up the time of the House by saying anything more on this point. Sir, I move

Mr. President: Amendment moved.

"That for part (a) of sub clause (1) of clause 2 of the Bill, the following be substituted, namely

(a) in the case of a company, not being a company deemed for the purposes of section 9 to be a firm, six per cent of the capital of the company on the first day of the said period computed in accordance with Schedule II, or one lakh of rupees whichever is greater, or."

Dr. Zia Uddin Ahmad: I just want to say only one thing on this amendment. The effect of the amendment moved by my Honourable friend will be that the Government will lose to the tune of 18 crores.

Mr. Manu Subedar: It will not be. I am sorry to have to contradict my Honourable friend.

Dr. Zia Uddin Ahmad: The Honourable the Finance Member said that the effect of both these amendments, which the Honourable Member is going to move, will be a loss of Rs. 18 crores. My Honourable friend, Mr. Subedar, ought to have suggested the way in which he would advise the Government to meet this deficit. The effect of this will be double profit to the capitalist and a great loss to the consumers unless a method is discovered to meet this deficit of about 18 crores. If the Government moves it I do not mind, but when it comes from a non-official Member I would like to know from him how he proposes to meet the deficit.

Sri M. Ananthasayanam Ayyangar: With all respects to Dr. Zia Uddin, he assumes that it is good. That the Bill as framed was exceedingly nice. But it made no difference between one company and another. A man with a flat rate of one lakh is given exemption. But it may apply to a company with Rs. 20 lakhs, or Rs. 5 crores. The mistake was corrected in the Select Committee.

Dr. Zia Uddin Ahmad: On a point of personal explanation.

Mr. President: Order, order.

Dr. Zia Uddin Ahmad: I am not talking on the merits of the case.

Sri M. Ananthasayanam Ayyangar: That is not by imposing an improper obligation upon people. One lakh is a flat rate irrespective of the capital of authorised companies. That is corrected by giving 8 or 5 per cent, or which ever is greater. Therefore, it is not by imposing an unnecessary and improper obligation that you must raise the finances of this Government. My friend has been longer in the field with respect to finance and therefore he in collaboration with the Finance Member might think of other means.

Mr. President: Order, order.

The Honourable Mr. Liaquat Ali Khan: As I have already stated I accept this amendment.

Mr. President: The question is

"That for part (a) of sub-clause (1) of clause 2 of the Bill, the following be substituted, namely

(a) in the case of a company, not being a company deemed for the purposes of section 9 to be a firm, six per cent of the capital of the company on the first day of the said period computed in accordance with Schedule II, or one lakh of rupees whichever is greater, or."

The motion was adopted.

Pundit Thakur Das Bhargava (Ambala Division Non-Muhammadan) Sir,
I beg to move

That in part (1) (c) of clause 2 of the Bill after the word 'family', the words 'trading business' be inserted

I have to submit few words about it. I moved at the time of the Finance Bill that the Hindu undivided family should not be taxed as such. I gave all the reasons I could think of at the time. I do not want to repeat all those arguments. But I want to add a few to them.

In the first place I stated that the Hindu joint family is a social unit of existence and therefore in a business tax the social unit should not be taxed. I would refer the Honourable the Finance Member to Chapter 9 of Hindu Law of Dr Gaur and he will find on page 468 a chapter known as The Trading Joint Family. In the Hindu undivided family, there is a class called the Trading Joint Family whose incidents are quite different from those of the Hindu undivided family. Whereas the Hindu joint family is a social unit of existence, the trading joint family is a trading unit. Its incidents are mainly those of partnership. In certain respects it differs from partnership also. But where there is a conflict it will appear from page 481 of Gaur's Law, section 143 that 'in a conflict of rights and obligations arising under the law of the joint family and the general law, the general law shall prevail. Here is a proper subject which can be taxed, the trading joint family. In including the undivided Hindu family in this tax, a distinction is made between Hindus and others as such. Therefore my submission is that there is no reason why the rule of uniformity should be departed from specially when there is an institution akin to that of partnership. It is that institution which should be taxed as a profit making concern.

Then again Sir, the Honourable the Finance Member has just admitted that the case of the undivided Hindu family as such is to be referred to the Taxation Enquiry Committee whenever it is set up. From that I conclude that he agrees with the previous Finance Members that the case of such families require looking into. It follows that according to him and his predecessors it is doubtful if the Hindu undivided family should be taxed as such. These being the premises, may I enquire that when the undivided Hindu family is being taxed for the first time in this business tax is it fair to tax it as such? If the case is doubtful with regard to its liability to taxation and it is a fiscal measure, the doubt should go to the subject and not to the Crown. Therefore even if it is taken that the case of the undivided Hindu family is doubtful for the purpose of income-tax in the new tax the family should not be taxed.

Apart from that, since the exemption is not the same as in the case of individuals it appears that the Members of the Select Committee themselves have accepted the principle that the individual stands on a different footing from the undivided Hindu family as such. Now may I enquire if this is so why have they fixed abatement at Rs. 2 lakhs? Is there any undivided Hindu family in which the members are less than two? If they are more, then it is a case where the principle of equality of taxation has not been followed. Therefore judged from whatever standard the provision needs amendment. Moreover the exchequer shall not lose a pie by this amendment because after all in cases of such families which will have an income of more than two lakhs of rupees, it is clear they can only be joint trading families and not others. According to the strict definition of undivided Hindu family, it is a purely social unit of existence and it is not necessary for any undivided Hindu family to have any property at all. There may be no property at all and yet H. U. family may exist. You will find at page 356 of Gaur's Law where it says

"As such, members have mutual rights and obligations with reference to it. But while Hindu Law postulates and presumes the existence of joint family, it does not

[Pundit Thakur Das Bhargava]

either postulate or presume the existence of joint family property, the result being that where a member of a joint family sues another in respect of any property admittedly in possession of the family, he starts with no presumption in his favour as to its jointness.

It is an admitted proposition of law that the Hindu joint family need not possess any property. That being so, I fail to understand why it is legal or just or expedient to tax the Hindu joint family.

I submit that nothing is lost if this amendment is accepted by the Honourable the Finance Member, because not a single pie of the income will be lost, but the principle of taxing the Hindu Joint Family will not be accepted by the House.

When the Honourable the Finance Member was replying in regard to the Finance Bill, he said since the House accepted in 1939 the law which was then enacted by the House, the House had accepted the principle of taxing the undivided Hindu family. Therefore, it becomes all the more necessary that I should submit for your consideration that this is a new tax and this question should be examined afresh and rather seriously whether the Hindu undivided family should be taxed or not. It appears to have been taken as a postulate that a Hindu undivided family is a proper subject for taxation, without taking into consideration its incidents it is being taxed. I submit that when new taxations are going to be imposed the question should be gone into afresh. This is the proper time, not when it is referred to the Taxation Enquiry Committee. Such committee may submit its report after five years and in the meantime all these persons who are wrongly assessed will be paying their taxes. They may be poor people, labourers, who are getting Rs. 30 or 40 per month and their incomes are pooled together and made taxable. I hope that this amendment would be accepted by the Honourable Member.

Mr. President: Amendment moved.

"That in part (1) (c) of clause 2 of the Bill, after the word 'family', the words 'trading business' be inserted."

The Honourable Mr. Liaquat Ali Khan: Sir, I am sorry I am unable to accept the amendment but I would like to know how many poor Hindu undivided families are there that make a profit of even one lakh a year.

Pundit Thakur Das Bhargava: Therefore I ask you to accept the amendment.

The Honourable Mr. Liaquat Ali Khan: Now it is two lakhs a year. My friend brings in every time the case of those poor labourers who are getting Rs. 30, 40 or even Rs. 100 a month whose incomes are lumped together and taxed. It must be a very large family to have an income of two lakhs, when each of its members is earning only Rs. 40 or 50 a month.

Prof. N. G. Ranga: Even then it must be income from business.

The Honourable Mr. Liaquat Ali Khan: Yes, apart from that, this tax is on business as defined in the Bill and if the Hindu undivided family carries on business I do not see that there is any reason why it should escape tax and why it should not pay the tax like any other person or firm. I am sorry Sir, I cannot accept this amendment.

Mr. President: The question is

"That in part (1) (c) of clause 2 of the Bill, after the word 'family', the words 'trading business' be inserted."

The motion was negatived.

Pundit Thakur Das Bhargava: Sir, I am not moving the next amendment which is practically the same as the one I had just moved.

Lala Deshbandhu Gupta (Delhi General) Sir, I beg to move

"That in part (17) of clause 2 of the Bill, the following be added at the end, namely :

'after deducting such amount not exceeding ten per cent. of the profits as the assessee may devote to public charities, including charities to research and educational institutions approved by the Government' "

The object of my amendment is very limited and does not need much explanation. At the time of the consideration of the Finance Bill I had appealed to the Finance Member to raise the super-tax limit so that charities may not be adversely affected. In proposing this amendment I am only suggesting that it should be made possible for business concerns and persons who are charitably minded to devote up to ten per cent. of their income to charities. The effect of this amendment if accepted—I hope the Honourable Member will be pleased to accept it—would be that on a charity of Rs. 50,000 Government would be losing about Rs. 8,000. By losing Rs. 8,000 in tax Government would be inducing a donation of Rs. 50,000 to such charities as would be approved by Government. I think, Sir, it does not need to be emphasised that in all civilised countries charities have played a great part in furthering the various constructive activities of the nation. In framing his taxation proposals my Honourable friend has taken his cue mostly from the U.S.A. and even there if my Honourable friend will look up, he will find that millions and millions of dollars are donated every year by charitably minded persons and most of the educational benefits and other amenities enjoyed by the public are financed by such charities. This amendment is a very modest one and I hope the Honourable the Finance Member will be pleased to accept it. With these words, Sir, I move.

Mr. President: Amendment moved.

'That in part (17) of clause 2 of the Bill, the following be added at the end, namely :

'after deducting such amount not exceeding ten per cent. of the profits as the assessee may devote to public charities, including charities to research and educational institutions approved by the Government' "

The Honourable Mr. Liaquat Ali Khan: I am sorry, Sir, I am unable to accept the amendment. If anyone is charitably inclined then he should pay to charity after having paid the government tax; otherwise it would mean that the charity is being paid by the Government and not by the person who wants to spend some money for the good of his soul.

Mr. President: The question is—

'That in part (17) of clause 2 of the Bill, the following be added at the end, namely :

'after deducting such amount not exceeding ten per cent. of the profits as the assessee may devote to public charities, including charities to research and educational institutions approved by the Government' "

The motion was negatived.

Mr. President: The question is—

'That clause 2 as amended stand part of the Bill' "

The motion was adopted.

Clause 2 as amended was added to the Bill.

Clause 3 was added to the Bill.

Mr. Manu Subedar: Sir, I move—

"That in clause 4 of the Bill for the word 'twenty-five', the words 'sixteen and two thirds' be substituted."

I had no intention to make a long speech but my Honourable learned and gallant friend Dr. Zia Uddin Ahmad—

The Honourable Mr. Liaquat Ali Khan: He is not here.

Mr. Manu Subedar: I have already paid my compliments to him and will not say what more I wanted to say. He said that when we suggest alterations and modifications we should suggest also the ways and means of covering the deficit. These alterations and modifications in this particular case which we have suggested had the support of all sections and they have been accepted by Government. They are not controversial and therefore I want to say nothing more about it. But when we come to the Capital Gains Tax, I will indicate in what manner Government can make up what they think they lose. I do not want to take away or detract from the compliments which I have paid to the Honourable the Finance Member for having taken into account all factors. He has tried to reconcile the various tendencies and he has ultimately fixed on this percentage and that is something in response, as we all expected, to the wishes of the House and people outside. The question is not as my honourable friend Dr. Ziauddin supposed. It is a question of how much burden industry can bear and in what manner. The House may not be aware, but I have learnt this morning with very great apprehension

that the call money rates in Bombay and Calcutta have gone up 1 P.M. to 2 per cent as against $\frac{1}{2}$ per cent which was very difficult to realise for a very long time, even for six months fixed. That is the dire indication. The importance of this can be understood only by those who understand finance. The indication is not at all good. There is a considerable amount of apprehension and fear and two stock exchanges have been closed. They tried to open them but they are unable to open them. They will in due course open and we trust without serious crashes, more serious than the failure of one large bank which I have already indicated, the position may be improved. But this is a serious matter. If I may indicate to the House for the sake of information these are issues which require closer thinking into and not the kind of superficial treatment which my Honourable friend gives to it. If I may say so, between now and the period when the Finance Minister brought his Budget, as much as Rs. 100 crores worth of value—on paper I admit—have been written down. This much wealth with various individuals, small and big, has disappeared into thin air. My honourable friend has not got that much or any substantial share out of it. What is the legitimate burden which can be carried and what is the burden which will cause dire and undesirable consequences is, as I have previously mentioned, extremely difficult to say. I do not think any Member of this House should run away with the feeling that this is an issue in which we are only making a debating point or trying to coerce the Finance Member into giving away something which more patriotic members of this House are not willing that we should do. It is a question of reconciling of factors of considering the effect all-round, of seeing the immediate effect and the far-reaching effect and of ultimately fixing the burden where it should rightly belong. As I said before, the Honourable the Finance Minister has in this case actually taken into account all these diverse factors and he has ultimately agreed to adopt this rate which gives a relief to the assesses to the extent of about one-third of the rates which he has previously proposed. Sir, I move this motion.

Mr. President: Amendment moved.

"That in clause 4 of the Bill, for the word 'twenty-five', the words 'sixteen and two-thirds' be substituted."

The Honourable Mr. Liaquat Ali Khan: Sir, I accept the amendment and I do not think I need say anything more about it.

Mr. President: The question is.

"That in clause 4 of the Bill, for the word 'twenty-five', the words 'sixteen and two-thirds' be substituted."

The motion was adopted.

Sir Cowasjee Jehangir: I beg to move.

"That in the Proviso to clause 4 of the Bill, after part (c) the following new part be inserted namely:

'(d) all profits from any business which, if it had been assessed, in respect of the chargeable accounting period, under the provisions of the Excess Profits Tax Act, 1940, would not have been liable to pay any excess profits tax'

Sir, this brings us back to the comparison between the Excess Profits Tax and the Business Profits Tax which is introduced. My Honourable friend the Finance Member with his great shrewdness began to suspect the advice given to him that E.P.T. would be preferable to his proposal of B.P.T. and that it was suggested notwithstanding the fact that it would bring in the same amount as he originally wanted. He rejected that advice because it came from what he felt interested quarters and he thought that such advice could not have been tendered unless there was some snag in it. Let me tell him candidly that it is always preferable to accept the devil one knows than the devil one does not know. There was no question of not giving him the amount, it was a question of method. The method which he suggested was so unacceptable that even more was offered to him, but he would not have it. He gave reasons for not accepting the extension of the E.P.T. and one of them was that E.P.T. was unjust on a certain class of assesses. What I presume he meant was that certain assesses had very low standard profits and therefore they paid a very high rate of E.P.T. while others may have had a very high standard profit and naturally they paid less E.P.T. That must happen. What is the standard profit? The standard profit is the profit made in a certain year before war broke out. It might happen that a company might have made in that year very little profit while another might have made a decent profit. I do not see how that would act unjustly. It means that the company was not able to make profits in pre-war time and made its profits in war-time and another company was able to make a fair profit in pre-war time and therefore the difference was not so great in its case.

But my amendment seeks to do away with another injustice. It is possible that there are many companies which, if the E.P.T. had been accepted, would have paid no E.P.T. Their profits for 1946-47 would have resulted in no E.P.T. being paid. Then why should they pay E.P.T.? If E.P.T. was so unfair to certain companies, I say spare those companies who would not have paid E.P.T. but who have to pay B.P.T. That is the essence of my amendment. I hope I have made myself perfectly clear. Let me repeat it. Certain companies, if E.P.T. had been accepted, would have paid no E.P.T. but it is possible that they will pay B.P.T. I know what the answer will be. The answer will be that now that 6 per cent is allowed on capital and 6 per cent on reserves with qualifications—in short I say 6 per cent on reserves—there will be very few companies which will pay this tax which would not have paid E.P.T. That is not correct. I know of several instances where they would not pay E.P.T. but will have to pay this tax. I am not going into the details but I know of several such companies and to contend that no company would pay this tax which would not have paid E.P.T. is not a correct contention. If the Honourable Member's arguments are correct, then he must accept this amendment. It is a logical consequence. He says that B.P.T. is fairer than E.P.T. He has adopted it because it is fairer. If there are my companies in which B.P.T. is not as fair as E.P.T. then exclude those companies and that is my amendment.

I put the Honourable Member to the test. I put him to the test of his own arguments. If his own arguments are correct, then logically I contend he must accept my amendment. I do not want to take up more time. Most probably I know the fate of the amendment. However fair it may be, however logical it may be in consequence of his own arguments. I am afraid we know the fate of it. But I would like to have a reply. I move it and I trust

[Sir Cowasjee Jehangir]

that the Honourable Member will consider it favourably and not punish a few companies—there may be many—which he never intended to punish

Mr. President. I do not know whether I should speak out a difficulty which I feel I was just wondering whether a prosperous company which may not pay E P T now will not get the double advantage of escaping this tax.

Sir Cowasjee Jehangir: No, Sir It will not be so

Mr. President: Amendment moved

That in the Proviso to clause 4 of the Bill, after part (c) the following new part be inserted namely

- (d) all profits from any business which, if it had been assessed, in respect of the chargeable accounting period, under the provisions of the Excess Profits Tax Act, 1940, would not have been liable to pay an excess profits tax."

Mr. Manu Subedar: May I understand, for the sake of understanding, whether my Honourable friend does not want to give the Government an option that in those cases where the adoption of the E P T standard would make the Government lose they could pay the B P T standard but in other cases let them adopt the E P T standard?

Sir Cowasjee Jehangir: What I mean is that where a company would not have paid E P T if the E P T Act had been extended to the year 1946-47, it should not be made to pay this tax and that is exactly how I have framed it. You will see now it fits into the Bill and you will see what it means

The Honourable Mr. Liaquat Ali Khan: My Honourable friend Sir Cowasjee Jehangir has talked of logic. Here is a sporting offer. Let the rate of tax be 66 and 2/3 as in the case of E P T on all the companies that come under this Bill and I shall exclude those companies that were excluded from E P T. You cannot have it both ways.

Sir Cowasjee Jehangir: What is the sporting offer?

The Honourable Mr. Liaquat Ali Khan: Let the rate of tax be 66 and 2/3 applicable to all those companies that come under this Bill and I shall exclude from this tax those companies that were not liable to E P T.

Sir Cowasjee Jehangir: May I explain. It is just those cases I mean. I mean those companies that would not have been liable to E P T at all, whether it be 33 and 2/3 or 66. I want those companies excluded. That is exactly the meaning of my amendment.

The Honourable Mr. Liaquat Ali Khan: I know that I was only talking of logic. There is one difference between these two forms of taxation which seems to have escaped the notice of the Honourable Members. This is not E P T. This is B P T and that is why the rate of tax is so low as 16 and 2/3. Had it been E P T then the rate of tax would not be 16 and 2/3. It would have been 66 and 2/3 or 50 per cent or something like that. My friend Mr. Joshi wants it at 100 per cent. That was so in England. Anyhow I regret I am not able to accept this amendment because I do not think that this tax will fall very heavily on those companies, as the Bill is now before the House.

Mr. President: The question is

"That in the Proviso to clause 4 of the Bill, after part (c) the following new part be inserted namely

- '(d) all profits from any business which, if it had been assessed in respect of the chargeable accounting period, under the provisions of the Excess Profits Tax Act, 1940, would not have been liable to pay any excess profits tax'."

The motion was negatived

Mr. President: The question is

"That clause 4 as amended, stand part of the Bill"

The motion was adopted

Clause 4 as amended, was added to the Bill

The Assembly then adjourned for Lunch till Half Past Two of the Clock

The Assembly reassembled after Lunch at Half Past Two of the Clock,
Mr. President (The Honourable Mr. G. V. Mavalankar) in the Chair

Mr. President: I find that so far as clauses 5 to 10 are concerned, there are no amendments excepting those which stand in the names of Mr. Gole and Mr. Jhunjhunwala. The amendments are that the particular clauses be omitted. I am afraid they will not be in order. They can vote against the clauses. Do they want that all these clauses should be put separately?

Mr. P. B. Gole (Bera, Non-Muhammadian) : No

Mr. President: The question is

"That clauses 5 to 10 stand part of the Bill"

The motion was adopted

Clauses 5 to 10 were added to the Bill

Clause 11 was added to the Bill

Sir Cowasjee Jehangir: Sir, I beg to move

"That to subclause (3) of clause 12 of the Bill, the following proviso be added, namely

"Provided that in the case of a firm engaged in the profession of solicitors or auditors, each working partner shall be assessed individually in respect of his share of the profits of the firm for the chargeable accounting period."

As the Honourable the Finance Member explained, professions and vocations have been brought within the mischief of this Bill which were excluded from the EPT. There are a few men in the professions, such as Barristers and doctors, who make more than a lakh of rupees and they will have to pay this tax. But may I point out to the Honourable Member that even in the case of these men—Barristers and doctors—who make more than a lakh of rupees, they will also have to pay an extra super-tax which he has levied under the Finance Bill? So, they are mulcted twice—not only by this tax which we are considering but also by the higher slabs in the super-tax. That is by the way. Now, Sir, I am pleading for a class of professional men who make no more today than they did before the war. There are many professional men in this House, lawyers and some of them may be auditors, and, I think, they will confirm me when I say that due to war conditions these men make no more today than they did before. The High Court, I admit, has allowed their fees to be enhanced due to higher cost of living and also due to the higher cost they have to incur to keep up staffs. Some of these men who earn individually much less than a lakh of rupees will have to pay this tax. Take some firms of solicitors. There are a number of firms all over India where there are 8 or 9 partners and the share of each partner is much less than a lakh of rupees. But the income of the firm as a whole will be more than 2 lakhs because there are 8 or 9 partners in the firm. The tax will be levied on over 2 lakhs and each of the partners will, therefore, get less for their share than they would have on account of this Bill. I do not think that is very fair. If there is a partnership of only two or three members, they can get off cheap, they will not have to pay anything. But where the partnerships are of 6 and 7 and where each member of the firm does not expect to get more than Rs. 80,000 or Rs. 50,000 in the year after very hard

[Sir Cowasjee Jehangir] work, each will have to pay. It is a hard case and I would like the Honourable the Finance Member to take such cases into consideration. He won't lose much money. In fact, he will lose very little and he will be doing justice to a very hard working class of men. The auditors, I can say with some confidence, are getting no more today than they got before the war notwithstanding the higher profits of companies. They are not paid on profits, they are paid on the work they do. Their fees have been enhanced lately due to higher cost of keeping their staff. They have got to pay dear food allowance and other allowances to their staff and thus their cost has been increased and companies are very careful as to what they pay their auditors. It was due to proof having been supplied to companies that the cost of auditors had gone up by leaps and bounds due to war conditions that their fees have been slightly increased. There are many firms of auditors with 6 or 7 partners who get a fair living but nothing like a lakh of rupees and they will all fall within the mischief of this Bill. May I point out that this particular amendment of mine will if accepted be doing justice to a very useful class of professional men in this country who otherwise will suffer. I have had representations from this class and it is due to their representations that I moved this amendment. I trust it will receive the sympathetic consideration of the Finance Member and of this House. I have nothing further to say.

Mr. President: Amendment moved.

That to subclause (3) of clause 12 of the Bill, the following proviso be added, namely—

Provided that in the case of a firm engaged in the profession of solicitors or auditors each working partner shall be assessed individually in respect of his share of the profits of the firm for the chargeable accounting period."

The Honourable Mr. Liaquat Ali Khan: Sir, as a matter of fact the Select Committee has already made an amendment in the original Bill by allowing abatement of Rs. 50,000 in case of each partner and the total not to exceed two lakhs, in any case.

Sir Cowasjee Jehangir: That is the trouble.

The Honourable Mr. Liaquat Ali Khan: That means that if there are four partners, then there is no trouble because each will get Rs. 50,000. If there are more than four partners, then the difficulty or the hardship which Sir Cowasjee Jehangir mentioned may arise. But the point is this, that for one thing I do not think that the tax which has been levied now is a very heavy one. Secondly, I do not agree with my Honourable friend Sir Cowasjee Jehangir that these firms of auditors and solicitors have not benefitted on account of the conditions prevailing in the country. Their incomes have definitely gone up and I know of some firms of auditors where their profits are something like 10 to 12 lakhs a year. It is a well known fact that these firms of auditors are getting paid much better and are making more money than what they did before the war.

Sir Cowasjee Jehangir: Not in Bombay.

The Honourable Mr. Liaquat Ali Khan: It is natural because of increase of work and the imposition of E.P.T. which has made the work of auditors more complicated and for which they demand payment and are paid. I think the provision made in the Bill is very fair and I do not think that any further concessions are called for in this case. I am sorry, I cannot accept the amendment of my Honourable friend.

Mr. Manu Subedar: May I get a little explanation on this topic. We all sympathise with the point of view put forward by Sir Cowasjee Jehangir. There are cases where a partner is called a partner, but he is paid only Rs. 24,000 a year, and by means of such partners the total number may exceed

four for whom provision is made in the two lakhs. What would be the effect of leaving the law as it is? Would this little man be exempted by this or would his income be cut proportionately?

The Honourable Mr. Liaquat Ali Khan: If they are partners, then their profits are taken into consideration as partners of the firm, but if they are people who are paid salaries of Rs. 24,000 a year or whatever it is, well then these salaries are deducted from the profits of the firm.

Mr. Manu Subedar: They have got the status of partners, they are not salaried people, but their earnings are cut at the limit of Rs. 24,000. In that sense he is my partner but his income will go up to only Rs. 24,000 and no more.

The Honourable Mr. Liaquat Ali Khan: I am sorry that they cannot have it both ways. If they are partners, then they are liable to all the drawbacks or handicaps of a partner. If they are paid servants, of the firm, then of course their salaries will be deducted from the profits of the firm.

Mr. President: The point seems to be like this. They are regular partners, but under the terms of the partnership, there is a provision that they will get one-sixth or one-tenth share, whatever it may be but not exceeding Rs. 24,000 a year. I believe the Honourable Member has that in mind. What will happen to those whose profits are limited to a certain extent though they have got the status of a partner, but the share is sometimes so small.

The Honourable Mr. Liaquat Ali Khan: This will not affect the contract which this particular person has with the firm. Is it my Honourable friend's point whether in a case like that, Rs. 50,000 as abatement will be allowed or not?

Mr. Manu Subedar: Rs. 50,000 is allowed, where there are four partners. But supposing by means of such partners the total number is increased to six or seven, then this limit of Rs. 50,000 will not apply. This little man will have to pay his share of profits, whereas he is prevented from sharing fully in the growth of the profits of the firm.

The Honourable Mr. Liaquat Ali Khan: There is a limit of two lakhs and if there are more than four partners, then naturally it cannot be helped. That is all.

Mr. President: The question is—

“That to subclause (3) of clause 12 of the Bill, the following proviso be added, namely—

“Provided that in the case of a firm engaged in the profession of solicitors or auditors, each working partner shall be assessed individually in respect of his share of the profits of the firm for the chargeable accounting period.”

The motion was negatived.

Mr. President: The question is—

“That clause 12 stand part of the Bill.”

The motion was adopted.

Clause 12 was added to the Bill.

Clauses 13 to 24 were added to the Bill.

Schedule I was added to the Bill.

Sir Odwasjee Jehangir: Sir I move—

“That in Schedule II to the Bill, after Rule 2 the following new Rule be inserted and the subsequent Rule be re-numbered accordingly—

“3 Any premium realised by a company from the issue of any of its shares shall be regarded as forming part of its paid-up capital for the purposes of Rule 2.”

Sir, the Honourable Member very kindly informed us that premiums on shares would be a part of the capital. I should like to know under what provision this is. Rule 2 (1) of Schedule II says—

“Where the company is one to which clause (a) of rule 3 of Schedule I applies, its capital shall be the sum of the amounts of its paid up share capital and of its reserves in so far as they have not been allowed in computing the profits of the company for the purposes of the Indian Income-tax Acts, 1922.”

[Sir Cowasjee Jehangir]

I presume that what they mean is that the last two lines cover premiums on shares, I should like to be perfectly clear on that. I should like to know what is meant by "profits of the company for the purposes of the Indian Income-tax Acts, 1922". There is some doubt in the minds of people all over India with regard to this clause and there should be no legal tangle left after the Bill is passed. I am not a lawyer, I can only take the best advice I get, and I have been approached from all parts of the country with regard to this and I have been asked to get the point clear that premiums on shares will be taken as capital. I need not go into the reasons why it should be so, the point has been admitted, and it cannot be anything else. Therefore I should like to know how this covers the point I have raised in the amendment. And if there is any doubt about it to the Honourable Members on the Treasury Benches my amendment should be accepted because it makes the point clear. The point is that even if the Honourable Member tells us that that is the intention, if it is not borne out by the wording of the section we shall have trouble. No officer can challenge it and Government cannot help us. A large number of companies will be affected and there should be no room for doubt about this.

Sir, I move

Mr. President: Amendment moved

'That in Schedule II to the Bill after Rule 2, the following new Rule be inserted and the subsequent rule be renumbered accordingly

'3 Any premium realised by a company from the issue of any of its shares shall be regarded as forming part of its paid-up capital for the purposes of Rule 2''

Mr. C. W. Ayers (Government of India Nominated Official) Sir, the whole point made by my Honourable friend Sir Cowasjee Jehangir is that in regard to the premium on share capital. When shares are so issued, the whole price of the issue must go on the asset side of the balance-sheet, and there must be a corresponding entry on the liability side of the balance-sheet. On the left of the balance sheet you will have the amount of the share capital issued which will account for a part, but you have got left the premium, and in order to make your balance-sheet balance you must enter on the liability side of the balance-sheet the amount of this premium. So far so good, it is a reserve and so it comes within this rule.

Sir Cowasjee Jehangir: It is a reserve that has not been taxed

Mr. C. W. Ayers: I am coming to that. Now a question was asked as to the relevance of the later words of rule 2(1),—"reserves in so far as they have not been allowed in computing the profits of the company" for income-tax purposes. The whole point of that is that all reserves of a nature which might be allowed for income-tax purposes shall be brought into capital computation so far as it is fair to do so. For example, a reserve is made for bad and doubtful debts a liberal reserve to cover all possible liabilities and perhaps more. The Income-tax Officer examines the case and says, "Only one-half of this reserve is properly required for the liabilities here and now existing; the other half I do not allow." That other half that has not been allowed as a deduction in computing income-tax profits will be brought into capital computation under this rule. The same with stock reserves, depreciation reserves, etc. If you can afford to carry a lot more to depreciation reserve than is necessary, the surplus is reserve that has not been allowed and it will go into capital. The reserve built up by applying the proceeds of issue of shares at a premium cannot possibly have been allowed for income-tax purposes and therefore automatically it will come in within rule 2(1). I therefore submit that the amendment is quite unnecessary.

Mr. Manu Subedar Sir, I should like to support the point made by my Honourable friend Sir Cowasjee Jehangir. There has been such a plethora

of income-tax advisers and such a large number of law cases take place through uncertainty of the wording used by the Act that it seems to me very necessary that the language used should not be capable of all the doubts raised, as my Honourable friend said, from all corners of India. The explanation that my Honourable friend Mr. Ayers has given is quite clear but it is not quite satisfactory to me. I raised the point yesterday and I raise it again, what will happen to the catastrophic and conflagration reserves which a company may set aside? If the Income-tax Officer allows this as a legitimate part of the business of that particular concern it is not included in the capital, if he does not allow it then it is included in the capital. It seems to be a topsy-turvy picture. How can the Income-Tax Officer judge the amount of risk and danger that I am running in the business that I am conducting? How am I to convince this gentleman that this is a very necessary provision which I am making? And if I make this provision and carry a reserve under this head will it or will it not be included? According to the explanation given by my Honourable friend it should be excluded? I raised this point yesterday and I specifically requested that this point should be accepted by Government. My Honourable friend may resolve my doubts in this matter. Am I correct that conflagration and catastrophic reserves carried by fire and marine insurance companies will be reckoned under capital for the purpose of this Schedule?

Mr. O. W. Ayers: The position is exactly as I explained in connection with bad debts and other reserves. Reserves for future losses made by Fire and other Insurance Companies so far as they have been allowed as a deduction in computing profits are not reserves to be included in capital. But if the reserves are greater than the amount allowed for income-tax purposes to meet these contingencies then that excess will be reckoned as a reserve within sub-rule (1) of rule 2.

Mr. Manu Subedar: These reserves even under these names would be allowed?

Mr. O. W. Ayers: Yes, in so far as they exceed the limit allowable they would rank as capital.

Mr. Manu Subedar: I feel, with regard to the question of premium which my Honourable friend has raised, that it is true as my Honourable friend Mr. Ayers has said, that premia received cannot possibly come in for allowance, and therefore being outside the allowance made by the Income-tax Officer they must necessarily be included in the definition of capital as given here. But this is all an inference. May I know what is the difficulty and what is the objection of Government to putting in clear words what they mean and what we mean and on which there is no difference. If the Honourable the Finance Member feels that the particular wording which my Honourable friend has used ought not to be there, will he accept some kind of explanation going into this Schedule so as to make this very difficult point clear. I say it is difficult because we have been trying to study this Act very carefully and as I said in another place the man who drafted some of these clauses should get a Gold Medal, and I still say it. Is there any objection to helping the public who will be concerned with the provisions of this Bill, to throwing in an explanation of this in bracket, or to issuing a press note promptly to make the specific kinds of reserves clear. They have been mentioned in the debate in this House and Government have given us explanations and they have said that they include catastrophic and conflagration reserves, premium reserves, and E.P.T. deposits coming back. Is there any objection why either my Honourable friend's amendment should not be accepted, or if that cannot be accepted, why an explanation cannot be thrown in the body of this Schedule, and if that cannot be done, may I ask whether Government could not issue a press note to make this position clear beyond doubt for the guidance of the public?

Mr. P. J. Griffiths (Assam European) I should like to support **Sr Cowasjee Jehangir's** amendment. I agree what **Mr Ayers** says is undoubtedly the correct interpretation of the Bill. What is clear to me and is clear to us may not be so clear to subordinate Income-tax officers. We can afford no ambiguity in this matter, and I suggest first and foremost it would be right and wise to accept this amendment. If Government cannot do that, at least firm executive instructions together with a press note should be issued to make clear that what **Mr Ayers** has said is Government's intention, and it is their firm intention regarding the interpretation of this Act. But better still would be to accept this amendment which can do no harm in so far as it conforms with the wishes of the Government.

Mr. Shavar A. Lal (Government of India Nominated Official) The difficulty in the way of accepting the amendment would obviously be this. There is a comprehensive formula in the Bill and if a special case is provided for by way of an explanation that will throw doubt on the construction of that formula and difficulties may arise in other cases where that formula is to be interpreted. As you will realize explanatory provisions do more harm than good because the interpretation of other provisions of the Bill will be thrown open to doubt. The formula itself is very clear. All that has to be shown is whether a particular item has been allowed for in computing the profits of the company and that is always very clear. In the assessment proceedings it will always be obvious what has been allowed for in computing the profits and what has not been allowed for in computing the profits. That is a plain fact which is obvious to every Income-tax Officer and to assessee himself. More than that it is not necessary to say. The question of interpretation would arise in the case of premium or in relation to some other item and if we have to provide an explanation in respect of one we shall have to provide explanations in respect of all of them. That will be the difficulty in the way of accepting an amendment of this kind.

Mr. Manu Subedar: May I get an explanation from the official side on one point? What is allowed for comes in when in assessee's account comes before the Income-tax Department in due course and that 'due course' is sometimes 18 months and in the meanwhile the party may have put in the reserves of the kind or he may have acquired premium money and the transactions may be over. By the time the accounts are written and by the time the question of assessment comes up there is sometimes a period of 18 months, and I fear, notwithstanding what my Honourable friend **Mr Lal** says, that it would be necessary in some manner—not perhaps in the manner of getting one specific point of reserve excluded—to give explanation to the public as to what is meant by this, because between the process of allowing and actual setting aside of funds there is a time gap of something like 18 months. In my opinion—that is not covered, and therefore it will cause endless confusion to assessees, and we would request the Government either to put in an explanation here, or by other methods, namely a press notes and instructions in the income-tax manual which will be read clearly by anybody. I think in some manner this must be provided.

Sgt. M. V. Gadgil: Instead of putting it as a separate rule, the same wording can be inserted between the word 'capital' and 'and'. It will read thus:

"Where the company is one to which clause (a) of rule 3 of Schedule 1 applies, its capital shall be the sum of the amounts of its paid-up share capital including any premium on shares realized by a company from the issue of any shares etc. etc."

That will avoid the possibility raised by my Honourable friend, **Mr Lal**.

Mr. President: I might point out the difficulty which has struck me. The real point seems to me whether the word 'reserves' covers premiums, and looking to the ordinary associations with the word 'reserves', it is open to arguments that premium is something different from "reserves". The clause reads

and of its reserves in so far as they have not been allowed in computing the profits of the company for the purposes of the Indian Income-tax Acts, 1922. This contemplates reserves built up out of the profits

Mr. C. W. Ayers: That is so

Mr. President: Then, this expression "reserves" which can be allowed in computing the profits of the company includes bad debt reserves, and other reserves. Does the word "research" cover Premium?

Mr. C. W. Ayers: It covers

Sir Cowasjee Jehangir: What is the objection to accepting our suggestion?

The Honourable Mr. Liaquat Ali Khan: I think the position has been made clear and my honourable friend, Mr. Griffiths has said that he fully understands and the meaning is quite clear. But there seems to be some doubt that it is possible that some of the Income-tax Officers may not be so clear in their minds regarding this particular matter as our experts or my Honourable friend, Mr. Griffiths is. I can tell the House that the Government will issue very clear instructions to all the Income-tax officers not only with regard to this particular matter, but with regard to the working of the whole Act, and I think that should meet the requirements of the Honourable Members and I personally have no reason to doubt that the interpretation which has been given on the floor of the House will not be adhered to by the Income tax officers

Sir Cowasjee Jehangir: What is the objection to Mr. Gadgil's suggestion?

Mr. Shavax A. Lal: It is merely changing the form of the amendments. But the comprehensive formula will still be altered

Sgt. N. V. Gadgil: Put it after the word "capital"

Mr. President: I am not still out of my difficulty. I cannot get out of the feeling that the word "reserves" does imply a relation to the profits of the company, though they may be earmarked differently. Bad debts will also be from the profits. The depreciation reserves will also be from the profits of the company and any other reserve which the company puts as de will be from the profits of the company. So I cannot dissociate the profits of the company from the word "reserves", and "premium" having nothing to do with the profits of the company is possibly likely to be interpreted differently. It could not be a proper subject matter to be included in the "reserve" looking to the sequence and the context in which the word "reserves" appears in these two lines. That is my difficulty

Sir John Sheehy (Government of India Nominated Official): I do not think an accountant would find any difficulty

Mr. President: I am arguing as a lawyer. I do not know the accountant's language

Mr. P. J. Griffiths: Several accountants have found difficulty in interpreting this. The objection of Mr. Shavax Lal was a very valuable objection as regards Sir Cowasjee Jehangir's amendment. But is there any objection to Mr. Gadgil's amendment which leaves the matter clear?

Mr. President: It will then read "forming part of its paid-up share capital inclusive of premium and all its reserves"

Mr. P. J. Griffiths: Make us happy once!

The Honourable Mr. Liaquat Ali Khan: My honourable friend, Sir Cowasjee Jehangir has put up a very—shall I say—strenuous and continuous fight against this measure and to show that he is not fighting a lost cause, altogether, I am willing to accept his amendment

Mr. President: What will be the wording then?

Sir John Sheehy: It would let out the premium which is paid out as a dividend. The amendment deals with the premium that is realised. It does not provide that it must be kept in the business.

Mr. President: That is how I understood the Honourable the Finance Member, when he first said that the premium is its reserve employed in the business.

The Honourable Mr. Liaquat Ali Khan: That is right.

Mr. Shavaz A. Lal: We will settle the form later on.

Sir Cowasjee Jehangir: You want to add after the word "shares" the words "employed in the business?"

Mr. President: I will keep over the schedule just for the present. This will give him a couple of minutes more. I will put clause 1.

The question is

"That Clause 1 stand part of the Bill."

The motion was adopted.

Clause 1 was added to the Bill.

Mr. President: The question is

"That the Title and the Preamble stand part of the Bill."

The motion was adopted.

The Title and the Preamble were added to the Bill.

Sir John Sheehy: This amendment of Sir Cowasjee Jehangir's we have included in this way, though we have done it in a hurry, namely:

"Any premium realised by a company from the issue of any of its shares so long as it is retained in the business shall be regarded as forming part of its paid up capital for the purposes of rule 2."

Mr. Manu Subedar: That only applies to the premium part of the reserve. It does not apply to any other part.

Mr. Shavaz A. Lal: No.

Mr. President: He is accepting the amendment as put in by Sir Cowasjee Jehangir. It will be Rule 3 and the next Rule will be Rule 4. Shall I put it to the House in this amended form?

Sir Cowasjee Jehangir: I am quite agreeable. I thank the Honourable the Finance Member. Will you put it to the House?

Mr. President: Before he has time to reconsider it? The amendment is

"That in Schedule II to the Bill, after Rule 2, the following new rule be inserted and the subsequent rule be re-numbered accordingly:

"3 Any premium realised by a company from the issue of any of its shares so long as it is retained in the business shall be regarded as forming part of its paid-up capital for the purposes of rule 2."

Sir John Sheehy:

"Any premium realised by a company from the issue of any of its shares, so long as such premium is retained in the business."

Mr. President: I will put in the amended form. The question is

"That in Schedule II to the Bill, after Rule 2 the following new rule be inserted and the subsequent rule be re-numbered accordingly:

"3 Any premium realised by a company from the issue of any of its shares, so long as such premium is retained in the business shall be regarded as forming part of its paid up capital for the purposes of Rule 2."

The motion was adopted.

Mr. President: The question is

'That Schedule II as amended, stand part of the Bill''

The motion was adopted

Schedule II was added to the Bill

The Honourable Mr. Liaquat Ali Khan: Sir, I beg to move

"That the Bill as amended, be passed."

Sir I do not propose to make any speech and I hope that I have at last succeeded in satisfying my Honourable friend Sir Cowasjee Jehangir and he would agree with me now that the Bill would be so injurious to industry as he imagined it to be

Mr. President: Motion moved

"That the Bill as amended, be passed"

Sir Cowasjee Jehangir: Sir I have to thank the Honourable the Finance Member for the concession he has made in this Bill and I trust that he will agree that the agitation that was put up against the proposal was not agitation against him or any cause he has at heart but against the provisions of a Bill which we felt were injurious to trade and industry. I have already explained that industries are prepared to pay their proper share to the Government treasury and I trust he is now assured of the *bona fides* of industrial concerns in India

Mr. P. J. Griffiths: Sir, I would like to join with my Honourable friend Sir Cowasjee Jehangir in thanking the Honourable the Finance Member for the very reasonable spirit in which he has met our objection. In my case of course there was no agitation but only reasonable objection but as the Finance Member met those objections helpfully and in an understanding spirit we much appreciate the improvement he has made in the Bill

Prof. M. G. Ranga: Sir, I wish to congratulate the Honourable the Finance Member on the success he has achieved in getting this Bill passed. I am extremely anxious that he as well as the Interim Government as a whole should take steps during the next year to see that the business community will not be able to play as many pranks as it has done ever since this Bill was published. Sir, it came indeed as a sort of shock to me when the Finance Member himself said that the share markets had closed and this morning we were told by Mr. Mannu Subedar that some of the share markets will continue to be closed and prices have been written down to the extent of 300 crores or even more. It all seems to be some sort of magic to which only the capitalists seem to have the key. Whenever they want they simply write it down and when they want it they write it up. There seems to be something wrong with the business community. My Honourable friend just now assured us that they are anxious to cooperate with the Government but I am afraid that they have got all that they wanted and perhaps much more than they had hoped for by their non-cooperation and I do not know whether they will really cooperate as heartily as some of their advocates here seem to assure the House. If they had been cooperating with the Central Board of Revenue there would not be as much arrears and evasions and tax-dodging. (*Sir Cowasjee Jehangir:* It is the fault of the Central Board of Revenue) It is not only the fault of the Central Board of Revenue, however angry I may be with it, but it must be due to the non-cooperating spirit and evasiveness of many of our own people at the top. Therefore it is high time that my Honourable friend takes the earliest steps to inquire into the way in which the business community carries on its propaganda and functions as a sort of class in this country in order to be better able to come and face this House with his taxation proposals, so that they may have a better reception than the present Bill has received

[Prof N. G. Ranga]

Sir, I wish to dissociate myself from sentiment expressed by some people that whenever you think of imposing fresh taxation you should try to impose it as much on the poor as on the rich. I cannot agree with that. Next year it is quite possible that more taxes will have to be imposed but on whom should they be imposed. So I wish to congratulate my Honourable friend for having had the courage to come before this House and say "I want so much more money and I am going to collect it only from the rich people and not from the poor." I am extremely glad also that when I suggested that he should remove some other tax, like the one on betel nut, he said that it would be his purpose to try to relieve the poor of as much of their tax burden as possible. I welcome that assurance and I hope he will see to it and also that the Interim Government will see to it that next time, when my Honourable friend is faced with another deficit (which God forbid) he would be coming before this House with proposals for the imposition of fresh taxation upon the rich people and not on the poor. He should try to impose either this tax or some other tax on the rich people and see that they are not able to carry on a successful campaign as they have done on this occasion. My Honourable friend has taken care to say that this taxation is being imposed only for this year and he has evaded giving any sort of assurance that the tax will be continued next year also. I sincerely hope that this Government as well as its successors will find this tax to be a convenient one, they will retain it and collect not only the 16 2/3 per cent but much more out of the surplus profits which the business community has made. Wherefrom all these business profits have been derived? These gentlemen seem to think that it is being derived from the one or two hundred thousand capitalists of this country. These people are only at the top of the community drawing from every service and section of society the surplus value that is being produced by peasants and workers. They get a sort of cream at the top. My Honourable friend Sir Govasjee Jehangir was saying that they are sacrificing with their blood and toil and suffering. But it is not my Honourable friends who are sacrificing bleeding and toiling. It is the peasants and workers. Therefore the more you take off at the top the better it will be for the nation, provided (it is a very important proviso and that is where my Honourable friend has not satisfied me) he is going to utilise that money in order to raise not only the taxable capacity but also the producing capacity and purchasing capacity of the masses of India. Sir, I am very glad to be able to support this Bill.

Mr. Manu Subedar: Sir, it speaks very highly for the broadmindedness of the Honourable the Finance Member, because ever since his proposals came before the Select Committee and elsewhere there have been criticisms, we have all put forward our points of view and suggestions for improving the provisions of this Bill, but he has taken it all so firmly and good humouredly and he has tried to meet as far as it was possible for him to meet our objections and suggestions. I would only very briefly mention some of the points which have laid before him and for which there is no provision in the Bill; that is with reference to enterprises like banking, investment trust, utility companies, fire and marine insurance companies and shipping companies. These are highly specialised types of enterprises. Any country in the world would be proud of having enterprises of this type started and run with efficiency within its borders. It is a test of civilisation that those who can plan and run these enterprises are advanced and those communities that are unable to run enterprises of this kind are backward. I am sure the Honourable the Finance Minister shares with me the outlook by which we feel that nothing should be done which will unnecessarily check the growth of enterprises of this kind. I feel that the Finance Department should have examined the full effects of such a levy with regard to every type of enterprise and that some of the enterprises must realise exactly how under different clauses they will come in. Therefore I

appeal to the Honourable the Finance Minister to bear in mind and to give instructions to the Department that when issues relating to enterprises of this kind come on the scene—such for instance as public utility companies—that they will not go by the letter of the Act but that they will bring them up to him for directions, showing clearly what is the principle involved.

We had a little while ago a clear discussion on some of the sections. This House, according to me, possesses some men with very clear acumen the like of whom you may not find in this country. Similarly we had the highest income-tax authority collectively near us, and between us we had difficulty in the interpretation of one of these clauses. Can it not be then that when account of a particular type, events, of a particular category come on the scene, a situation may arise which might not have been foreseen at all on the side of the assessee or on the side of the Government, and should such a condition arise in respect of any class or category of enterprises or assesses, may I not request that the Honourable the Finance Minister will give instructions to the Department not to deal with them by a rule of thumb or by the letter of the law but to bring up every new type of case right at the top and get clear instructions thereon.

Then my Honourable friend Prof. Kanga said that business men and Government do not understand each other. It is true that except Dr. Matchai who had been for a short period—in a very peculiar way—in the Directorate of one of the biggest business firms in this country, there is no businessman on the Treasury Benches. This is in one sense a misfortune. It is extremely necessary in my opinion that if Government do not include businessmen amongst them they must at least keep constant touch with people who understand these problems. Their officials who are isolated from business even when they meet them as tax-gatherers have no more experience of business than when they order two suits and three shirts. That is all the business transaction that some of the officials have had. It is an extremely difficult position and we deplore it. I am not speaking with any bad feeling about it but I deplore the lack of understanding between those who are conducting enterprises in this country and the permanent officials of Government as well as the Treasury Bench. I deplore that this lack of understanding should be as great as was disclosed by the discussion of this Bill and I do feel that something should be done in the future to secure a closer understanding.

Sir, the Honourable the Finance Minister pleaded for the co-operation of the tax-paying community. I endorse that appeal. It is the public duty of all of us to help the Government which is our Government now in the task of collecting the taxes. It is the duty of every citizen in this country to place the information in his hand at the disposal of the Government in order that anybody who is trying to evade may be caught. Nobody ought to sympathise with the evaders because the *bona fide* taxpayers have to pay that much more. Such an appeal could get response from the business community only if the business community felt that their problems were sympathetically considered and understood. In their turn Government could very easily ask the business community 'Government has to be carried on, money has to come, if you don't like my suggestion put up an alternative'. I don't wish to detain the House longer but this is a topic in which I do feel that on both sides there is considerable room for improvement, and I make an appeal to both sides that the improvement should come about.

I have pleaded in the course of my remarks that in one matter at all events, in the company taxation the rates are alleged to be higher in this country in certain reaches of capital construction than in the United Kingdom and I made the request that the public should be given the benefit of these comparisons so that this thing, if it is a misapprehension, should go and if it is not a misapprehension it is for Government to consider whether enterprises in this country can bear taxation at the same rate as in the United Kingdom.

[Mr Manu Subedar]

I also made the suggestion, which I reiterate and on which I should be very happy if the Finance Minister will give some kind of assurance to this House, about the system of refunds. When the refunds started originally it was 24 pies in the rupee. Now it is 84 pies. There are a good many persons who are not paying 84 pies in the rupee, they are not paying even 60 pies which is being taxed. There is a large number of them. That this number was very large came from the Finance Minister himself the other day when he said 'From these rich men I am only taking Rs 2½ crores as super-tax. What are they grumbling about? How can they say the industry will suffer? 218 crores of rupees capital applications were made and the bulk of the money will come from the small man. I agree. Similarly the Shareholders Association say that the number of small Shareholders runs into millions. If that is so, are not these small men for whom he has professed sympathy penalised under the present rules of refund and whose penalty becomes very much greater because of this tax now levied. The poor beggar gets only refund in respect of 5 annas as against, may be, the taxation of 9 annas in any company. Therefore I would request the Finance Minister to consider whether the whole system of refund cannot be re-examined sympathetically so that those to whom you intend to give relief let them have relief and those whom you intend to strike let them be struck.'

My Honourable friend Prof Ranga gave a dose of socialism to the Honourable the Finance Minister. He was speaking at the Honourable the Finance Minister, pointing out 'Don't take any notice of these businessmen. Even if you want money next year, don't worry. Keep this up.' I hope that the interchange of socialism between one great socialist at this end and the other at the other (treasury) end will bear some fruit.

Sir, I support this motion.

Khwaja Nazimuddin (Burdwan and Presidency Divisions, Muhmmadan Rural) Sir, let me join in the praise and congratulation that is being showered on the Honourable the Finance Member. I find it is really a great achievement that he has gone over to the cause of socialism with Prof Ranga or rather he has got him back again. In that case one must wonder how this transformation has come about him. It must be that the great tact and accommodating spirit shown by the Finance Member that has worked miracles. But I do hope that this Bill will result in the development of industries and not in their curtailment as was apprehended at first and I hope the industrialists and the capitalists will now take steps to see that this depression in the stock exchange and share market goes. It is I think in their power to remove the misapprehensions that was caused. I think that the revival will come in the stock exchange after the session is over and when all the Bills have been passed. They still hope that if this thing is kept they may get some more concessions. I now trust that the rest of the Bills will get the support of the House as this one has received.

Sjt. N. V. Gadgil: I want to impress on the attention of the Finance Member certain implications which I draw from the discussion that took place in the course of the last four weeks. I am told that if a tiger is wounded he is more vicious than when he is killed. I have no doubt that whatever the advocates of capitalism may say here they know what things are now prepared for them and I have great doubt whether they will co-operate with the Government in further industrialisation of this country. I have heard many of them offering their intelligence, their patriotism, their co-operation, but the way they have behaved in the course of the last four weeks has just shown to us as nothing else has done in the last so many years that the Indian society today consists of two nations, the few upper whom I call the 'haves' and the many and multifarious—the have-nots. This discussion has been successful in lifting partly the curtain behind which these two nations—not the two

nations, the Hindus and Muslims—which is wrong but the haves and have nots are coming to real grips. In the name of the poor and teeming millions of this country, I request the Honourable the Finance Member that from now till the next year he or whosoever may be in his place should leave no chance but in the course of these 365 days come out with a ready made plan for the industrialisation of this country, because on that depends employment and on employment depends peace and order in this country. I am told that on the 28th February the smile became conspicuous by its absence but I have noticed now both in the European Group and on the faces of some of us here that the smile is gradually returning. That only shows that the Finance Member has been more kind than considerate. This being a new tax, I would rather like him to move very cautiously, because the implications of a new tax are very difficult to assess. They are very precarious. Therefore I do not want to blame him for being more kind than considerate. My friend Mr Subedar said the other day that the business community felt just like the man thrown from the balcony. I have a saying, Mr President, in my language, I should say in our language because you and I speak the same language, that a cat may be thrown from any height and it always comes down on its legs and never gets its body injured. I would liken the capitalist to this animal. They have been thrown out, not consciously but you have seen that although they were thrown out from 25, they have safely landed on 16½. I want to urge again that I stand for gradualness because it is inevitable in the context of circumstances today but I will not forgive the Honourable the Finance Member if this time next year he merely repeats the manner and method of taxation without making any plan. That will be disastrous.

At the same time I want to appeal to the advocates of capitalism who if they had been half enthusiastic about industry they would have certainly done full justice to the country. I also appeal to them in spite of my firm belief that this appeal will cut no ice. In the course of the last six years you have helped a foreign government by paying all sorts of taxes. You have not helped the national movement. All you talk about helping the national movement is moonshine. I can speak for my province. What you have done is to see that your pockets are full. You have kept my countrymen half naked. You have kept my countrymen in dire need of essential things. You have helped the Government that was dead against India's aspirations. I am prepared to forget that, provided you play the game. I do not want India to be in the hands of these money barons. I want them to work for the toiling millions and not for the benefit of the few upper thousands or 1200 whatever their number may be. If they play the game, well and good. They should harness their energy and talent to help the Government which is national in personnel and spirit. But if they don't play the game and the Finance Member allows things to drift on for another year, he will be playing their game and not doing us any justice. Therefore in the end I urge on the consideration of the Finance Member that from now onwards he must be ready with a plan so that he can put it into execution before the next year is out.

Miss Maniben Kara (Nonunated Non-Official) This is the third reading of the Bill. The Finance Member has been showered upon with congratulations from all sections of this House. I would have certainly joined in congratulating him had he stuck to his original proposals and not have accepted the huge deficit of 18 crores. When we are at the last stage of the Bill once again the terms of socialist language have found expression in this House. People have talked about nationalisation of industries and given all sorts of warning to the Honourable the Finance Member and said—"remember next time before you dare bring such a Bill you have also to nationalise industries." I would give a warning to you and say—"remember that when you next consider a Bill like this, don't produce minutes of dissent." The nationalisation of the air

[Miss Maniben Kara] services Resolution was brought before this House by my Honourable friend Sardar Mangal Singh. At that time he was compelled to withdraw his Resolution. Even today those who talked in the name of the poor, including Prof. Ranga, have produced dissenting minutes and forced the hands of the Finance Member to accept reduction in taxes in the Bill. So, let us remember that we are no longer in a position to talk two languages. Those days are gone. All these days the Members in the Assembly had been playing the opposition role and they had been talking in leftist languages. But today you have the power. Who is going to prevent you from nationalising all the industries, except the Federation of the Chambers of Commerce, whose spokesmen you have been, and you have forced the hands of the Honourable the Finance Member to bring down his proposals. (An Honourable Member And the Press) The Press is also equally responsible because it is being controlled by trade, commerce and industry of the country.

When I am making my remarks on the third reading of this Bill, I want to make it very clear that my criticism is not against individuals because I have great admiration and sympathy with many of my Congress friends, whom I have also worked shoulder to shoulder and I know they are genuine and sincere workers. But it is not possible for them, so long as they remain under the influence of the Indian Chambers of Commerce, to do anything of what they are preaching. It is all right to talk to the gallery by saying that we want to nationalise the industry. Will you tell me at this stage what is it that is preventing you from doing this? I would request you Mr. President, to give a chance to any of the Congress persons to reply to my important question: What is there that is preventing you from nationalising all industries if you want to do so? So they do not mean all that they talk. They only talk certain things in the name of the 'Haves' and 'Have-nots'. But actually when the burden of taxation was put on those who have and have plenty of it, they said "Oh, no, this won't do. You will crush them and they will die and if they die, the nation will also die along with them."

Sir, capitalism at a certain time in history was not a bad thing. In those days capitalism could play a progressive role, it could increase the standard of life of the people. Today taking into consideration the entire world situation capitalism has no scope. If any class of persons think that they can introduce capitalist system in our country when the world is going ahead it will only result in Fascism and not in capitalism. Sir, this time again—though I always get a chance to speak last—I would warn the Honourable the Finance Member on the next Bill which is still to come before us, because I am really nervous since the Honourable the Finance Member seems to be in a very generous and very compromising mood. That is the Bill to penalise the tax evaders. I sincerely admit that I am frightened at what I read in the press. The press says that attempts are being made by congressmen to see that even those who have evaded taxes are not individually and personally brought to the public notice. I do not know what is happening in the Select Committee, because I am not a member of that Committee. Anyway, I give a warning to those who may be the members of the Committee and to the Honourable the Finance Member that this is a very important Bill and my Honourable friend Mr. Griffiths was perfectly justified in saying that that Bill should not have been postponed any further because it does give rise to fear and suspicion in the minds of the people. That is a straightforward Bill. Those who have acted against the nation and evaded taxes have acted in an anti-social spirit, should be brought before the public and the public should know that these are the people who in the name of the patriotism have swindled the public at the cost of the poor.

[At this stage Mr. President vacated the Chair which was then occupied by Mr. Deputy President (Khan Mohammad Yamin Khan).]

Such Bills should not in the least be changed from what they were before. From what you have done to this Bill, it gives me every reason to be suspicious and doubtful as to what you will do to the other Bill. I would, therefore, request the Honourable the Finance Member that the other Bill is a very important Bill, and under no circumstances it should be modified in any way. No honest person in this House can ever want to change that Bill from what it is today.

After all, none of us believes that a country can be run without taxation. It is not possible to run the economy of the country without taxation. Taxation we must have, but it must be such that it can be of a progressive character. The entire system of taxation will have to be revised. Taxation will have to be levied on those people who can bear the burden of it. This is the first time that such a proposal has come before this House. It is a matter of great sorrow and disappointment that anybody in this House who holds a responsible position should have opposed these proposals. I for one would be the last person to consider the Honourable the Finance Member a socialist. In fact, I do not consider any Member of this House to be a socialist. If they were socialists, things would have been different. But when a Bill has been introduced which does not go the whole way, but which goes to the extent of taxing the rich you as patriots should certainly accept it and not say that because you have not nationalised the industry you should not tax the rich. That is no logic.

I only want to say this to all my friends in this House that the days of talking to the gallery are over. We have got to sit down together and do some constructive work. Remember that we are the framers of the destiny of our own country. It is no use our mere lecturing in this House that 'We should nationalise industry'. You are in a position to do it and if you do not do it, you are betraying the people. You are only playing to the gallery. All these years, everybody was posing as a socialist. Now the history is going to prove who is a socialist who stands by the people and who stands by the upper classes, and who takes the side of the 'Haves' and who belongs to the 'Have-nots'. With these words I will once again warn and say that let not the fate of the next Bill be what the fate of this Bill has been.

Dr. Zia Uddin Ahmad: Sir, I was very much interested in the congratulations which have just been expressed by my Honourable friends Sir Cowasjee Jehangir and Mr. Griffiths. They practically supported Sadi

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It means. When a pious man eats half of the bread the other half he gives in charity. This is what the Honourable the Finance Member has done. He has eaten half the bread himself and has given the other half to the children of orphanage popularly known as Mill Owners' Association. Now we will test them *bona fide* in the next two Bills. If their intentions are *bona fide* and if they really show the spirit they have expressed today and respond to the remarks made by Miss Mamben Kara, we will appreciate their sentiments.

Now I refer to one or two other points raised by previous speakers. In the first place, we all agree and several speakers have said this that we need thorough examination of the taxation policy. Our taxation policy was framed 20 years ago and since then circumstances have so much changed that we need entire revision of the policy. But in the absence of any authoritative pronouncement from a Taxation Commission one has to fall back on what the Financial Minister considers to be social justice or justice to all. The question has been raised whether we ought not to have gone back to E. P. T. in preference to B. P. T. now proposed. The reply has already been given by the Honourable the Finance Member and I need not repeat it. In the case of E. P. T. the tax was merely a gamble. It all depended on the standard profits earned in the particular year.

[Dr Zia Uddin Ahmad:] provided in the Bill. But here you have a tax which falls uniformly on everybody. This is evenly spread out and everybody would know how much he has to pay. The incidence of taxation in this case is trifling. E. P. T. was removed altogether last year presumably under the influence of capitalists. Its reintroduction would have been more unpopular than fresh taxation with trifling incidence of taxation. It is less than half an anna and in case of bigger companies less than half a pice in case of smaller companies. The incidence being so trivial I do not think there will be any difficulty by business men in accepting this measure. My Honorable friend Mr. Manu Subedar expressed a desire that there should be a businessman in the Cabinet. Even without the actual presence of the businessman in the Cabinet, we are all at present following the lead of the multi-millionaires. Of course, I have repeatedly pointed out that the businessmen in India are not the same as the businessmen in other countries. Our Cabinet will be much better off if there had been no businessmen therein. The duty of the Government is to keep the balance between business on one side and labour on the other, socialists on one side and capitalists on the other. If you have any businessman actually in the Cabinet, then the Cabinet will not be able to form an impartial judgment. That is why I am keen there should be no businessmen in the Cabinet. In fact we have got now some businessmen in the Cabinet already, though they are not labelled as capitalists. They are as good capitalists as anybody else.

My Honorable friend Mr. Manu Subedar drew pointed attention to the difficulties that might arise in regard to the interpretation of the law. Finance Member has already replied that however clever the income-tax officers may be yet businessmen are more clever and more intelligent and therefore there is no chance of the law being interpreted against them. If there is the danger of misinterpretation it is against the income-tax officer and not against the assessee. As regards the wordings of taxation Bills, I find them more difficult than wordings in any other law. Taxation laws everywhere are complicated and even the Income-tax Officers cannot draw up his own income-tax return properly without the aid of experts. The income-tax officers cannot cheat the mullowners, whereas the latter can cheat the honest income-tax officers. The mullowners receive instructions in the school of evasion. There may be a good deal of propaganda against the other measures, but I am sure the Honorable Members of this House will remain firm and will get the Bills through without delay.

We are passing the deficit budget which will lead to inflation of prices. All the other countries in the world have succeeded in lowering the price level to about two-third but in India the tendency is towards the rise in prices. Abolish controls or the controls will terminate the Government. The Government should not be influenced by Chambers of Commerce but they should adopt a policy of doing greatest good to greatest number. We seek the assistance of honest businessmen to help the Govt. to catch evaders and this will tend to lower the deficit. Avoidance of evasion and abolition of control both tend to lower the price level. The Members of the Government must have realised that the propaganda about E. P. T. was carried on almost on nothing. Incidence of taxation is nominal. Stock exchanges created panic in the country for their own benefit and these exchanges should be abolished at an early date.

Sreejot Rohini Kumar Chaudhuri (Assam Valley Non-Muhannadan) Mr Deputy President Sir, having roused myself from the peaceful slumber which was brought about by the soporific influence of the soft tone opposition to this Bill in this House I offer my congratulations and greetings from this remote corner of the House to the Honourable the Finance Member. I am sure my congratulations coming as they do from a province to whom he and his predecessors have perpetrated great injustice would be more palatable than the

congratulations which he received from his more fortunate friends with whom he would share all the fortunes he will get from this Bill. Let me congratulate him today for all the wealth of the land which he has secured. I mean the taxable income which he has been able to secure. May I expect, Sir, that he would behave like the noble soldier of Thrace, who was through a misnomer described as the robber in the dialogue between him and Alexander the Great? May I expect that he will distribute his spoils, I mean the wealth which he gathers by these taxation measures amongst the poor, and by poor, I mean provinces like Assam. In my last speech, I congratulated him with all the warmth I could possess and with very high expectations that he will show sympathy towards my poor Assam. But I was keenly disappointed when he did not even make any reference to my province. I had read in the newspapers that my friends in the Council of State had a better fortune when the Finance Secretary assured the House that in the distribution of export duty on tea, Assam will get some share. Also the Finance Secretary assured the House that so far as relief in the matter of taxation on betel-nut is concerned, he will place the grievances of Assam before the Honourable the Finance Member. I have placed my grievance before him more than once and I have been disappointed. But let me hope that the request which will come from his Secretary will be treated as a farewell request and will be received with all the cordiality and meet with fulfilment due to the request of a man who is leaving these shores, a Secretary who, as was said the other day, has served this Government faithfully. I hope the request will be heeded and we shall get some relief in the matter of betel-nut and tea. I am sure the House is bored by my repetition but I can tell you that I will repeat this again and again, not till the Finance Member is tired but till I am tired. I will din it into his ears so that he may turn his deaf ear to all provinces alike and not merely to Assam.

Sir, with these words I congratulate him and I admire him for the way in which he has carried this legislation unscathed.

Sri M. Ananthasayanam Ayyangar: Sir, all wars in the world's history have been fought at the instance of women. And I am sure that at the instance of our Honourable lady friend the war will be relentlessly fought with capitalists. She somehow thinks that on the third reading of the Bill people have suddenly become socialists on this side, and though they have had opportunities of putting their professions into practice they have not done so. I want to remind my Honourable lady friend that many steps have been taken in this direction. It is only this morning we inquired whether all forms of insurance—fire, life and other forms of insurance—ought not to be nationalised. The Honourable Commerce Member said that he had appointed a committee to go into this question and will soon find out what steps are to be taken. We have seen that in other departments also. So far as airways are concerned we appealed to the Honourable Member and passed a Resolution, he said he would take time to consider what forms of national transport—highways or bye-ways—should be taken up immediately, how the whole machinery is to be taken up, whether all at once or piecemeal. With regard to other forms of industry also steps are being taken. Take banking. With regard to the Reserve Bank the Finance Member has already given an assurance and has, I believe, introduced a Bill to nationalise that Bank. I do not know with what greater speed my Honourable friend Miss Kara wants us to run.

Miss Maniben Kara: Ask Prof. Ranga.

Sri M. Ananthasayanam Ayyangar: But he does not run. My Honourable friend has out Herod the Herod. I remember she was on my left last time when Sir Archibald Rowlands was here as Finance Member and sometimes I was wondering how she could walk into lobby with the imperialist of imperialists. Now she changed colour, though not physically.

~ [Sri M. Ananthasayanam Ayyangar]

I am really surprised to hear her talk like this. 'We do not want that capitalists should be destroyed immediately. We do not want to kill the goose that gives us the golden eggs. At any time we can take away their capital. If today Sri Cowasjee Jehangir escapes the payment of taxes where does he take that money away?' He does not throw it into the Arabian Sea. He keeps it with him and next year when we want money we will certainly take it from him. But why is my Honourable lady friend in such a great haste? Before I know what I have to spend it on am I to spend away this money? Sir, this reminds me of a small story. Soon after I took my degree I was a teacher in a school where there was also a science teacher. All of a sudden and quite unexpectedly he got from Government a grant of three or four thousand rupees for the purpose of buying instruments and other equipment for his laboratory. The poor man had no plan and so he purchased 30 sets of saws and hammers and screw drivers, and so on. My Honourable lady friend if she were the Finance Member, would collect all the money from Sri Cowasjee Jehangir and make a poor man. Of course I have no objection to that because Sri Cowasjee can afford to be a poor man, just as I am a poor man. But for what end? It will be thrown into the sea without any plan. That is exactly what my Honourable friend Mr. Gadgil objects to. The Honourable Finance Member does not have all plans with him. He must take time to consider what plans are good and what are not good. As a matter of fact we got the biggest asset we can ever have. We have long ago nationalised the railways which are our biggest national asset. We have one of the ablest administrators at the top there, but he still finds himself unable to make the railways work properly. Even a small thing he is unable to do. To go 1,000 miles to Madras it takes us 52 hours. He has been corresponding with various administrations. My Honourable lady friend has no responsibilities—that is my fear—either at home or abroad. So she does not know that it is not so easy to put things in practice.

Miss Maniben Kara: I run my own house.

Sri M. Ananthasayanam Ayyangar: I am glad she has a house, but she has not all the responsibilities that I have. Therefore let us not take a leap in the dark. We heard from the Honourable President that there are so many Bills. We are rushing most haste through the various Bills.

The Honourable Mr. Liaquat Ali Khan: There is no post haste about this Bill.

Sri M. Ananthasayanam Ayyangar: With regard to every Bill we want to take time. I am glad the matter has been gone through with elaborate patience and the Finance Member has considered both sides. As a matter of fact my Honourable friend does not want us to become Fascists. It is a sign of democracy that as soon as a Bill is introduced in the House there are various persons who are interested come forth with their objections or suggestions. Does the Finance Member claim perfection or absolute correctness for my measure that he introduces. He thinks one way and places it before the House, the Assembly and the people affected must take time and give their suggestions. To say that the people affected have influence with the members is wrong, the boot is on the other leg. I am glad my Honourable lady friend drew me out, otherwise I would not have talked on the third reading. She wants an assurance that none of us should talk on the next Bill or lay our views before the House for consideration and the Bill should be accepted, as brought out. It is not as if she or any other Member has got complete plans and they should be accepted without any criticism or scanning.

Sir, I support the motion that the Bill be passed.

Mr. Shavay A. Lal: Sir, I have to suggest verbal change in the amendment of Sir Cowasjee Jehangir with regard to Schedule II which was accepted by the House, and with your permission I shall move it. Sir, I move

"That for Rule 3 of Schedule II, as accepted by the House through the amendment of Sir Cowasjee Jehangir, the following be substituted

3 So much of the premium realised by a company from the issue of any of its shares as is retained in the business shall be regarded as forming part of its paid up capital for the purposes of Rule 2."

It is purely a formal change in the wording and I hope it will be accepted.

Mr. Deputy President: The question is

"That for Rule 3 of Schedule II, as accepted by the House through the amendment of Sir Cowasjee Jehangir, the following be substituted

3 So much of the premium realised by a company from the issue of any of its shares as is retained in the business shall be regarded as forming part of its paid up capital for the purposes of Rule 2."

The motion was adopted.

Mr. Deputy President: The question is

"That the Bill as amended be passed.

The motion was adopted.

INCOME-TAX AND EXCESS PROFITS TAX (AMENDMENT) BILL

The Honourable Mr. Liaquat Ali Khan: Sir, I move

"That the Bill further to amend the Indian Income-tax Act, 1922 and the Excess Profits Tax Act 1940 as reported by the Select Committee, be taken into consideration.

I would just like to point out the main changes that the Select Committee has made in the Bill which was referred to it by this House. The first important change is that the figure of Rs. 5,000, which was the exemption figure, has been raised to Rs. 15,000. The second important change is that the sale of house property which has been in the assessee's possession for not less than 7 years has been excluded from capital gains tax.

Sir Cowasjee Jehangir (Nominated Non-Official) Does that include land?

The Honourable Mr. Liaquat Ali Khan: No. It is house property only. The third is that compensation awarded for the compulsory acquisition of property for public purposes will not be regarded as capital gains, and the next change that has been made is that transfers by a principal company to a 100 per cent subsidiary will not be regarded as capital gains. Sir, the most important of all the changes is the one that capital gains have been classed as separate income and any income received from this source will not be added to the other income and income-tax charged on the whole amount. This income from capital gains will be assessed as separate income and the rates of tax that have been fixed for this are different from income tax rates. I may point out that the rates are indeed very low. Up to 50,000 it is only 1 anna in the rupee, and it goes on increasing till it reaches the maximum rate which is only 5 annas in the rupee if the capital gains exceed 10 lakhs. I think the House will recognize that the Select Committee has made very substantial changes in the Bill and whatever fear there was in the minds of a section of people that this tax would work unfairly and to the detriment of industrialization of this country should not exist any more in the mind of any reasonable man. That fear should not be there at all. The tax, as I say, is very low. If you make a capital gain of over 10 lakhs, surely you do not mind 5 annas in the rupee, or 1/3rd of that, going to the State. After all whatever capital gains are being made now are in the nature of unearned increment and the whole population of the country has contributed in different ways towards

[Mr. Lakshmi Ah Khan]
 creating those conditions. As a matter of fact the people of the country have suffered on account of those conditions that have been created and I do not see any justification why only certain persons should benefit by this and why some of those unearned gains which accrue should not go to the State so that it could be utilized for the good of the people as a whole.

Sir, I have stated when we were discussing the Finance Bill that I would be prepared to accept an amendment to exclude personal effects from capital gains and my reason for doing this is that it was pointed out to me that this might cause a lot of inconvenience to the assesses. For one thing it would be difficult for them to keep a regular account of their personal effects and then the Income-tax officer might start harassing them and so on and so forth, and therefore I am willing to accept an amendment to exclude personal effects from capital gains because it is not my desire that there should be any harassment to any assessee. This is, Sir, a new tax as far as India is concerned. There is no doubt about it, but the newness of a tax should not be anything that we should shun. There is no reason why if a tax is new and has not been in India before we should not introduce it in our country. What we have to see is whether it is a fair tax or whether it is not a fair tax. If it is a fair tax, then as far as I am concerned, it is immaterial whether this tax exists in any country or whether it does not exist in any other country of the world, and I submit, Sir, that as this Bill has emerged from the Select Committee the tax and the incidence of taxation could not be regarded by any means as very hard or very heavy. I do not propose to deal with the arguments that have been advanced by some of the Honourable Members of the Select Committee in their Minutes of Dissent against this Bill or against this form of taxation. I submit that this is a very fair kind of taxation. I submit that if people have made large gains through no effort of their own, but on account of the conditions that have been created, the State should have a share out of that gain, and I submit that the rates that are proposed are low enough not to affect either production or industrialization in this country adversely. Sir, I move.

Mr. Deputy President: Motion moved.

"That the Bill further to amend the Indian Income tax Act, 1922, and the Excess Profits Tax Act, 1940 as reported by the Select Committee be taken into consideration."

Mr. Manu Subedar (Indian Merchants' Chamber and Bureau Indian Commerce) I will agree at once that the Bill as it now emerges from the Select Committee, with the further provision which the Honourable the Finance Minister said with regard to apparel, furniture, moveables, and personal effects, is a tremendous improvement on the previous Bill as he had originally introduced and I can repeat what I said in connection with the previous Bill that it shows his forbearance and his responsiveness to criticisms made and the manner in which he has tried to meet them.

He mentioned just now that this was a new tax that being a new tax though it did not exist in any other country in the world, we ought to have the courage to put it in if we want it in this country and we must see it function. That much is common ground. What I do feel is that when a new principle is adopted, a principle that is foreign to the system of taxation which has been hitherto thought of a considerable amount of care and a considerable amount of circumspection are required. The Honourable the Finance Minister in his budget speech referred to adventitious gains which people made and for which it was desirable to tax all capital gains made in recent years and still being made owing to prevailing conditions and described them as unearned increment. The object is not exceptional and we are all agreed that where there are gains of this type, they should be roped in. There is a special ground for the imposition of this tax this year in the sense that

large transactions running into fabulous amounts have taken place large promotions have taken place and it is only fair that Government should get some share out of these gains. Nobody is objecting to the principle of this tax. What was urged at that time, and several of the features of the Bill have been subsequently changed on account of it. Originally it was proposed to join it to the income-tax of an individual which would create a very heavy tax for a small person who sells a capital asset during any particular year once in a lifetime and he finds himself paying taxes at the rate when a millionaire pays and even on his meagre income he should find himself paying heavily at this high rate. That was a computation we all felt and I am happy that the Finance Member recognised that while the State is entitled to take a share out of this adventitious gain, it is not joint to the normal income-tax of a person and thus swell the levy and expose a small person to the payment of supertax during that year.

We must congratulate the Finance Member on his acceptance of the question with regard to personal effects. I having applied my mind to this topic, I found that it would be impossible to apply it to things like jewellery. If you take a jewel today and call three jewellers, even today they would not agree as to the value of it. If that is so how do you expect the same three jewellers to agree to the value of the same article as it was in some period in 1939. This double appraisements and backward appraisements would create problems of very great difficulty, and therefore, Sir, I am glad that he has accepted it. But then the Finance Member, whatever his exterior attitude of things may be he puts a bold face. But he is a wise man. Had he included jewellery he would have had the concentrated opposition and attack from the entire womankind of India in due course, and I think he has very wisely anticipated such an attack and such opposition and he has very wisely agreed that this should be removed. I think the wisdom further lies in the fact that owing to paucity of income-tax officers about which we have been talking throughout yesterday, the difficult task of assessing personal effects and their exchanges and registering what was and what has been and what will be, and what was the value and what is the present value and what will be the further value he has avoided those pitfalls and avoided the administrative dislocation which would have arisen if personal effects had been included.

The only point to keep in mind is this. As it is a new levy, I am entitled, I think, Sir, to utter a word of caution. As it is, in certain types of capital assets in this country, there are obstacles to transfers. For example there is a heavy transfer duty as much as six per cent in Bombay City. So if the property is changed three or four times in 10 years about one-quarter of the total amount has already gone. But Government in addition to such transfer fees which goes to the Provincial Governments, the Central Government is now coming in with a levy, which in certain ranges of value will be very substantial. Will this affect the rapidity of transfer or the rate of transfer of capital assets in the manner in which discussion is going. As it is, Sir, this tax has been copied from the United States of America where capital gains are great and rapid. Not only that everybody is anxious to scrap his old motor-car for a new one and to go in for the latest model, and there is somebody else who finds use for it and within the reach of each person's opportunity, there is a much quicker turnover in that country. The production of wealth is faster than anywhere else and in that country the change-over of wealth is also faster than in any other country. Are those conditions prevailing in India? It is true a good many small men have been self-made and have made large fortunes in this country and during the war a still larger number of men made those fortunes but taking by and large I regard this country as conservative even more conservative than the United Kingdom in which also though some self-made men make fortunes, the number of

[Mr Manu Subedar]

percentage is very meagre compared to the total number. In England it is not that a very large percentage of new rich is added every year to the rank of the well-off. In this country again, it is even less. Therefore, while importing a new measure, and a new principle, which was hitherto not embodied in our taxation system, and when getting from a country in which economic and other conditions are entirely different, it is only wise, and I sound a note of warning that the full effects of this levy, the principle of which the House is agreeing to, should be carefully studied. That in the course of the work, if issues arise of a type which are not foreseen now, and not foreseen by the assessors, or the Government, these issues could not be decided by the letter of the law as it is passed now but that these issues should be considered by the Honourable the Finance Member and his immediate advisers, and that the objective should be, while the principal objection of robbing in any money of this kind may be carried out, to see that it does not interfere with the legitimate and free transfer of capital that is in this country and that it does not lead to other consequences which were not foreseen.

Now it was indicated to me that one of the consequences would be that people who hold shares unless of course the amendment which my Honourable friend is bringing in in which he wants to apply to shares the same rule of exemption to seven years' holding as is being applied here to properties of every description—if they are not to be transferred because the gains will be taxed, then a large number of holders will hold the shares. That means a small number of shares will be on the market. That means that some speculator will corner those shares and there will be a battle royal between the bears and bulls and there will be some bear squeeze or cornering device and the effect on the financial machinery may be a jerky one. This is also a direction in which it is the duty of the Government to watch and see that while everybody is entitled to do what he likes with his own money he does not do it in such a way as to disturb the stability of the general conditions or to violate financial credit. Therefore I say that the effects of the introduction of an entirely new principle would have to be faced.

With regard to the exemption of property which has been held continuously during the last 7 years, the Honourable the Finance Member did recognise and I am glad he recognised that this class of asset ought to be exempted. Had it not been exempted literally millions of owners of house property in this country (though they are not out to sell today) would have been affected. They have a mental feeling that their properties are worth so much but that mental feeling would be immediately shaken by the fear that if and when they sell their properties they will have to pay so much to the Government. In other words the burden would have been very much larger than the amount of money falling into the hands of the Government. I am glad the Honourable Member has recognised this and made this very wise provision so far as it goes. But in my opinion it does not go far enough. I strongly feel that with regard to houses purchased by people and immediately taken and sold which is a normal business transaction, these provisions may be wise and proper but they are not proper in another way. According to the American law, from which this idea of taxation is taken the provision is that only properties transferred within a year or two of the purchase become liable to capital gains tax and four years is the final limit. I am sorry to say that none of these matters was placed before us and the Finance Department itself did not possess a copy of the American provisions earlier than six years from today. These provisions in the Bill have been quickly conceived and rushed and they require more careful looking into than appears to have been done. When a party makes quick money by a quick deal, he should be roped in.

But who sells house property in this country? Normally house property is sold when the family is in distress. People always talk of buying a property. Possession involves a matter of prestige. Many families who do not possess houses are very anxious to acquire it. Nobody wants to sell house property, and it is generally sold when the family is in distress or when the daughter is to be married or if the son is to be educated or some other family occasion. In other words it did seem very strange and I put it forward for the consideration of the House, whether the circumstances under which houses properties are sold are such which should entitle a Government to come in and extend its hand. It is the distress of the family that has necessitated the sale of a property and the Government comes forward and says "Here you have made something over the value of the property in 1939. Therefore I will take so much out of it." This would create social and other difficulties and in any case it seems to be a great hardship.

Apart from this there is another and very serious contradiction in Government's own policy and I will try briefly to refer to it. Last year the Honourable Sir Archibald Rowlands declared it as the policy of the Government to encourage house construction and residential housing in this country and towards this and in order to facilitate this he specifically declared it to be the intention of the Government to exclude from income-tax all properties whose construction would be finished two years after the date of the declaration. This date has not yet passed. I assume that this Government has accepted this part of the policy of their predecessor. (But the houses which by the declared encouragement of this very Government have come into existence will now be liable under the rules as provided in this Bill to a capital gains tax. In other words Government proposes to take away by the right hand what it gave by the left hand. The Government meant to encourage house building, which would bring in more employment, create a new field for the investment of surplus money, serve as an anti-inflationary measure and create much needed accommodation. It would be a great pity that the first Indian Finance Minister should put forward a measure of this kind which contradicts the Government's own declared policy of encouraging the building of new houses and the increase of housing accommodation which is so very badly needed in this country just as much as in any other part of the world. Other Governments are making very heroic effort towards this end. Are this Government making the same efforts?

The House will remember that throughout this session and on more than one occasion I have brought up this topic and had pressed on the attention of the Government the numerous directions in which much could be done and I do feel that the inclusion of house property which may be constructed in the next three years to the liability of this capital gains tax levy seems to be a contradiction of the past Government's declared policy. How many new houses does the Honourable Member expect will be constructed during the next three years? I do not think that their number will be so considerable as to put a hole into the possible gains which will come to the Government exchequer. Government's objective was to tax gains which were adventitious but with regard to the construction of new houses there is no question of adventitious gains. Already the various provincial Governments have a confused idea with regard to the rent tax and their position is very uncertain as it is. Why add to the uncertainty and why deprive the motive from all those people who may be in a position and who may be intending to put in their money in this direction? Why check the flow of capital into house construction, when government themselves are unable and they have not got the finance, I submit, for this purpose. Why do it in such a manner which

[Mr Manu Subedar]
contradicts their own previous professions and destroys their own declared policy in this direction.

As in the previous Bill this is a compromise which does not suit the Honourable the Finance Member. He thinks that many nice things which he wanted have been cut down. We think that this Bill which deserves a close and leisurely enquiry could have come before us after two or three months. We do not feel satisfied with this Bill. As I said with regard to the other Bill a compromise has been reached which does not please either side. Probably it is the correct thing and it is certainly good for the country that a compromise has been reached on this. Therefore I do not propose to deal in any great deal with regard to what has been done in the Select Committee. (But I do say that the enquiry which we all suggested and which I again reiterate is a necessity. I do suggest that even while we levy these taxes, it is not wrong, in fact it is the duty of the Government to set up an enquiry whatever the nature and scope of the enquiry might be. They should study the effect of this tax. Do we know when we throw a stone from the window on whom it will fall? It may not hurt anybody. On the other hand it may. It is just as well to see whether our measures will have a good effect or a bad effect, if it is hurting any particular section, if it is contradicting the Government's own declared policies or if it is creating new problems which were not anticipated. I still feel an enquiry is necessary. In taking the American precedent I would suggest to Government to depute a man to America unless they want to use one of the very numerous economists and officials whom they have already put in that continent. I would say yet somebody to go to America. Let him study the experience of that great country with regard to this levy. Let him find out what were the difficulties experienced by them and in what directions they had to make modifications. Let us be up to the mark. Let us not be caught napping with regard to this. I still suggest that that inquiry is extremely necessary and I hope that Government will not burke it. That on the contrary they will find it useful to them because it will throw light on the directions in which something may be done.)

The Select Committee mentioned something about estate duty. They said

"The above considerations assume some importance in view of the fact that an Estate Duty Bill has been introduced in the Assembly, under which capital assets of all kinds belonging to an individual will come under a levy when they pass from an individual to his heirs. The clarification of Government's policy on the matter of the Estate Duty should precede the final adoption of this measure if and when the House decides to take it up."

I still maintain that it could not be Government's intention and it would in fact be a very bad and disastrous thing for society as a whole that certain estates which have borne a very heavy charge, let us say, in the year 1946-47 be again made to bear a heavy charge in 1947-48 merely because the person holding that dies. Does Government want that the same estate should be liable to two or three levies under different names and that it should be so completely crippled and if the assets belonging to the family consist of a business that business should be forced into liquidation? Is that the intention of Government? I do not think so. Therefore I think it should be made clear as to whether the Estate Duty Bill is being proceeded with, and if it is being proceeded with whether it is Government's intention not to make an asset, which has borne duty under this particular levy within a period of five years of the time when the estate becomes liable, to bear a duty all over again. That would meet the ends of justice and I think that would be a very sound thing to do.

The only other point I would make is with regard to yield. Originally the Honourable the Finance Minister and his advisers put down the yield from this measure at Rs 3½ crores. I had the temerity in the Select Committee as well as in my remarks in this House to point out that during the

last year a good many new companies had been promoted and that many of the promoters of these companies had sold factories and assets themselves to other companies at highly inflated prices. I also pointed out that a good many assets have changed hands, that in Bombay city alone I knew that Rs. 50 crores worth of property had changed hands and that our British friends had also sold considerable assets at highly inflated prices. Taking all these into account at 100 crores and fifty of it as profit, at 5 annas a rupee, the yield I calculated, should not be less than Rs. 17 crores for business assets alone—but it includes many other kinds of assets, it includes stocks and shares. On this account throughout last year the total amount of turnover would be in the neighbourhood of Rs. 40 crores. If the profit is Rs. 5 crores—which is a small estimate—there again there is money coming to the Government of the order of Rs. 2 or 3 crores. Then there is bullion, then there are securities. There are so many bankers, Trusts and there are Indian States and so many other people who have sold on the Stock Exchanges in Bombay and Calcutta government security the total of whose turnover may again be put at nothing less than Rs. 80 or 40 crores throughout last year, the year which is now closing. Therefore I feel that the estimate which the Honourable the Finance Minister and his advisers made of the yield of this tax in this truncated form of only Rs. 2 crores is very far from correct. I repeat it is my opinion that if the Income-tax Department to whom this is going, were energetic they could collect out of this not less than Rs. 20 crores and with Rs. 12 crores which the Finance Minister now estimates, it would be Rs. 32 crores. He expected originally from these two taxes money of the order of Rs. 33 crores. Now from these two taxes, in my opinion, he will still get not less than what he originally expected from both of these. On financial grounds he will have no reason to grumble. He said he will be happy if he gets Rs. 20 crores. I wish him all happiness.

Shri Mohan Lal Saksena (Lucknow Division Non-Muhamadan Rural)

Mr. Deputy President, before I come to the provisions of the Bill I would like to make a few personal remarks. I was not present during the early part of the speech of the Honourable the Finance Member which he made while replying to the motion for consideration of the Finance Bill. So I was surprised to read in the papers that he had said that I had attributed to him dishonest motives that he thought of going away to *Pakistan* after having injured the economy of this country. Sir, I have got my speech here and I read it. If the Finance Member cares to go through it he will find that there is no suggestion of that kind. What I did say was that he had followed in pressing his taxation measures the technique of a quack and if that statement has offended him I am prepared to withdraw it. I had said that he should have an examination of this proposal made by an expert committee and I still maintain that in view of what the Finance Member had said last year that a taxation enquiry was overdue and in view of the fact that he was introducing a new measure—an altogether new measure. He might have got it from America but we know that conditions in America are different from those prevailing in India. While we do not object to the principle of the Bill we did want him to apply it in the first instance to certain specified assets and for the rest to refer it to be examined by a committee of experts. My Honourable friends, on my right, may be prepared to ascribe that expert knowledge to the Honourable the Finance Member of which I am not aware. I do concede that during the short time that he has been in office he has become fairly acquainted with the financial working of the Department as well as the implications of the various taxation measures. In spite of that I told him that we have to be a bit cautious, a bit more circumspect because we know that the condition of the country is such that we cannot afford to take any risks. Even one false step may cause the death of not only thousands but hundreds of thousands. With the best of motives one might make mistake and a mistake

[Shri Mohan Lal Saksena]

or a false step might affect the destinies or the well being of millions of this country. So, with due respect I may tell him that I had never intended to attribute any dishonest motives to him. He has to thank himself for what, he said that he may not be here next year and that he was here for one year only. When he was confronted with that statement, he said 'No, it might be brought up by another Finance Member, if he chose to do so'. One Finance Member had removed the Excess Profits Tax notwithstanding our protests and he himself admitted that that was removed a year too early. So

5 PM I do not know that he must carry on the work of the Finance Member with the idea that he will be here for one year. So far as he is concerned, he is going to get the tax all right. The profits have been made.

Mr. Deputy President: I take it that the Honourable Member would like to continue his speech on the next day.

Shri Mohan Lal Saksena: Yes.

The Assembly then adjourned till Twelve Noon on Wednesday the 2nd April, 1947.

LEGISLATIVE ASSEMBLY DEBATES

WEDNESDAY, 2nd APRIL, 1947

Vol. IV—No. 7

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LEGISLATIVE ASSEMBLY

Wednesday, 2nd April, 1947

The Assembly met in the Assembly Chamber of the Council House at Twelve Noon, Mr President (The Honourable Mr G. V Mavalankar) in the Chair.

STARRED QUESTIONS AND ANSWERS†

RURAL REPRESENTATION IN THE ADVISORY COUNCIL FOR DELHI ADMINISTRATION

1331. *Seth Govind Das: Will the Honourable the Home Member please state

(a) whether Government are aware that no provision has been made for the adequate representation of the rural population of Delhi in the Advisory Council proposed to be set up by the Delhi Administration, and

(b) whether Government are aware that the rural population of Delhi is as much as one third of the total population and whether Government propose to take steps for their adequate representation?

The Honourable Sardar Vallabhbhai Patel: (a) The Honourable Member's attention is invited to rule 1 of the Rules regulating the constitution and procedure of Advisory Councils published with the Home Department Notification No 24/12/46-Public, dated the 8th February 1947

(b) The rural population of Delhi is *not* one-third of the total population. I am satisfied that the present composition of the Advisory Council sufficiently safeguards rural interests.

DIFFERENCE IN SALARIES OF THE SUBORDINATE STAFF OF THE CENTRAL DEPARTMENTS AND ATTACHED OFFICES

1332. *Seth Govind Das: (a) Will the Honourable the Finance Member please state the reasons for the difference in the salaries of the subordinate staff of the Central Departments and that of their attached offices?

(b) Are Government aware that the staff of both the Central Departments and the attached offices are mostly living in Delhi and are subject to the same cost of living?

(c) If so, do Government propose to remove the difference in their salaries?

(d) Has this question been referred to the Central Pay Commission?

(e) If not, why not?

The Honourable Mr. Liaquat Ali Khan: (a) and (b) Variations in the pay scales between different offices at headquarters (as elsewhere) are attributable to the difference in the nature and complexity of the work required to be performed by each category of staff

(c) to (e) The question will be fully examined in the light of the recommendations of the Central Pay Commission for the rationalisation and simplification of pay scales in all offices, including those at the headquarters of the Government of India

ADVANCE PAYMENT OF INCOME-TAX

1333. *Mr. Manu Subedar: (a) Will the Honourable the Finance Member be pleased to state under what circumstances Government instituted the system of advance payment of income-tax?

†Answers to these questions laid on the table of the House, the question hour having been dispensed with—Ed of D

(b) If it was an anti-inflationary measure, on what grounds do Government consider it necessary to continue it any longer?

(c) Have Government examined the question of giving relief to income-tax payers in respect of taking such payment in advance on an estimate?

(d) In what percentage of tax-payers such advance estimates tallied and how much interest was paid by Government, and in how many cases penalties were imposed?

The Honourable Mr. Liaquat Ali Khan: (a) I would invite the Honourable Member's attention to paragraphs 58 and 59 of Sir Jeremy Raisman's speech delivered by him on presentation of the Budget for 1944-45

(b) The Government do not consider that the circumstances have materially changed in this respect since the 'Pay as you Earn' system was introduced

(c) Yes, Sir, the Government have examined the question but they do not consider that the scheme involves any real hardship to the tax-payer. The scheme was in fact already there in the Indian Income-tax Act in respect of income from 'salaries' and 'interest on securities' and has since been extended to include other incomes

(d) Complete information is available in respect of only one year, viz., 1944-45 in which advance payments of tax were made against the regular assessments for 1945-46. The information for that year is

In about 55 per cent cases the estimates submitted by the tax-payers tallied

Amount of interest paid by Government was Rs 67,88,225

Penalties were levied in about 400 cases only out of 94,692 cases in which advance payment of tax was demanded

INCREASED WORK IN THE INCOME-TAX DEPARTMENT ON ACCOUNT OF ADVANCE PAYMENT OF INCOME-TAX

1334. *Mr. Manu Subedar: (a) Will the Honourable the Finance Member be pleased to state whether it is a fact that the work of the Income-tax Department has increased on account of the institution of the system of advance payment of income tax and generally that the number of men available in the Department for coping with the task of assessing income-tax is found to be smaller than that required for the work?

(b) In which Income-tax Circles cases are pending for the payment of income-tax in respect of the Income-tax year (i) 1942-43, (ii) 1943-44, (iii) 1944-45 and (iv) 1945-46?

The Honourable Mr. Liaquat Ali Khan: (a) While the introduction of the scheme of advance payment of tax has added to the work of the Income-tax Department, the scheme is so devised as to throw on the Department comparatively little extra work and the necessary additional staff required for this has been found without any great difficulty. It is correct however to say that the number of trained and qualified Income-tax Officers now available does not as yet fully meet the needs of the department. Steps have however been taken to remedy this situation without delay

(b) The information is not readily available circle by circle

GRATUITIES AND COMPENSATION TO BRITISH OFFICERS OF THE INDIAN ARMY BEING TAKEN OVER BY HIS MAJESTY'S GOVERNMENT

1335. *Mr. Manu Subedar: (a) Will the Secretary of the Defence Department be pleased to state how many British Officers of the Indian Army are being taken over by His Majesty's Government?

(b) Are these persons going to receive any special grant, gratuity, allowance or compensation and, if so, what?

(c) What steps are Government taking in order to substitute Indians in place of these officers?

(d) How many of the Indian officers on temporary service have already been taken for filling such vacancies?

(e) What is the total number of Indian officers in all the services, who have been demobilised after temporary service and what steps are Government taking in order to select suitable men from among them for the replacement of the British officers who are going?

Mr. G. S. Bhalja: (a) to (d) I would refer the Honourable Member to my reply to Starred Question No 1250 asked on the 28th March 1947.

(e) A total of 4,000 officers (including 2,700 medical officers) have been demobilized. Most of them have applied for regular and Short Service Commissions. Many have been successful and others are being interviewed. In this connection I would invite the Honourable Member's attention to my answer to part (g) of Starred Question No 1250 asked on the 28th March 1947.

REMOVAL OF CORRUPTION FROM GOVERNMENT DEPARTMENTS

1336. *Mr. Ahmed E. H. Jaffer: (a) Will the Honourable the Home Member be pleased to state what steps Government propose to take to remove corruption from Government departments?

(b) Do Government propose to legislate in this behalf?

The Honourable Sardar Vallabhbhai Patel: (a) and (b) I would refer the Honourable Member to the reply given to parts (c) and (f) of his starred question No. 410 on the 20th February 1947.

ACCUMULATION OF STERLING BALANCES

1337. *Mr. Ahmed E. H. Jaffer: Will the Honourable the Finance Member be pleased to state

(a) the amount of India's sterling balance accumulated in the United Kingdom for the period ending 31st December 1946, and

(b) the results of the talks between the Government of India and the Financial Delegation from the United Kingdom?

The Honourable Mr. Liaquat Ali Khan: (a) I would invite attention to my reply to part (a) of the Honourable Member's question No. 963 on the 17th March 1947.

(b) I would invite attention to the Press Communique, dated 15th February 1947 and to paragraph 30 of my Budget Speech.

BRITISH BROADCASTING CORPORATION

1338. *Seth Govind Das: Will the Honourable Member for Information and Broadcasting be pleased to state—

(a) whether Government are aware of the public feeling against the British Broadcasting Corporation news relays at 9 P.M. daily from the All India Radio, and

(b) if so, what action Government propose to take to stop this relay?

The Honourable Sardar Vallabhbhai Patel: (a) No.

(b) Government propose to institute enquiries to ascertain the wishes of listeners.

RECIPROCAL HELP TO ALL-INDIA RADIO FOR RELAYING BRITISH BROADCASTING CORPORATION NEWS TO CHINA, JAPAN AND SIAM

1339. *Seth Govind Das: Will the Honourable Member for Information and Broadcasting be pleased to state.

(a) whether Government are aware that daily for one hour and ten minutes the All India Radio relays the British Broadcasting Corporation news to China, Japan and Siam, and

(b) whether the All India Radio is getting any reciprocal help from the British Broadcasting Corporation?

The Honourable Sardar Vallabhbhai Patel: (a) No The duration of the news in these relays is about 45 minutes daily

(b) Yes

BOARDS FOR TESTING OFFICERS FOR GRANT OF PERMANENT AND SHORT SERVICE COMMISSIONS

1340. *Mr. Ahmed E. H. Jaffer: (a) Will the Secretary of the Defence Department please state how many officers have been given Permanent Commissions and Short Service Commissions after the termination of World War II from among the following communities Muslim, Hindus Sikhs and Others?

(b) How many Boards have been constituted for testing officers for Permanent Commissions and Short Service Commissions?

(c) Do Government propose to lay on the table of the House a statement in the *proforma* given below showing the composition of the Boards and the Directorate and the rank of the officers?

(i) Directorates	Muslims	Hindus	Sikhs	Other Classes
Director				
Deputy Director				
Psychologists and other staff Officers.				
Psychiatrists				
Other ranks employed as Psychologists, Psychiatrists, testers, Clerks etc.				

(ii) Selection Boards:

Presidents	.	.	.
Deputy Presidents	.	.	.
Psychologists	.	.	.
Psychiatrists	.	.	.
Staff Officers	.	.	.
Testing officers	.	.	.
Office staff	.	.	.

Mr. G. S. Bhalja: (a) I lay two statements (Nos. I and II) on the table of the House.

(b) Eight Boards were constituted of which one has since been disbanded.

(c) I lay two statements (Nos. III and IV) on the table of the House.

STATEMENT I

Permanent Commissions granted or for which Selections have been made

	RIN	Indian Army	RIAF
Muslims	27	367	64
Hindus	51	538	140
Sikhs	16	281	39
Others	62	210	87
Total	156	1,396	330

* This includes 11 British Officers

STATEMENT II

Short Service Commissions granted or for which Selections have

	RIN	Indian Army	RIAF
Muslims	Nil	214	Nil
Hindus	"	321	"
Sikhs	"	173	"
Others	"	84	"
Total	Nil	792	Nil

STATEMENT III

Composition of the Directorate of Selection of Personnel as on the 28th March 1947

		Muslims	Hindus	Sikhs	Others	Total
Navy—						
P. S. O.	Lt.	1	..	"	.	1
Testers	C P O	3	..	...		3
Total		4	.	...	...	4
Army—						
Director	Brig. . . . .	..	1	...	.	1
Dy. Director	Col.	1	...	.	..	1
A. A. G.	Lt.-Col.	1	...	..	...	1
Psychiatrist . . . . .	"	...	...	...	1	

		Muslims	Hindus	Sikhs	Others	Total
Psychologists . . .	Lt.-Col.		1	...		1
	Major .	1	..	..	..	1
	Capt .	1	.	.	..	1
D A A Gs . . .	Major .		1	1	1	3
Staff Capts . . .	Capt		1		4	5
P S Os . . .	Major		1			1
	Capt		2			2
VCO Testers	...	1	2	2	1	6
BOR Clerks					21	21
Civilian Clerks		14	61			75
Total		19	70	3	28	120
Air Force—						
Staff Officers	S/Ldr.		1			1
	F/Lt .		1			1
P S O	F/Lt.	.	1	.		1
Testers . . .	Sgts .	1	2	.	..	3
Clerks	Cpls	.	2	..	.	2
Total	..	1	7			8

STATEMENT IV

Composition of Services Selection Boards as on the 28th March 1947

		Muslims	Hindus	Sikhs	Others	Total
52 (Army) Board, Rawalpindi—						
President .	Col .	...	1	...	...	1
Dy. President .	Lt.-Col. .	1	.	...	..	1
G. T Os. . .	Major .	1	.	.	..	1
	Capt. . .	...	2	...	1	3
Psychiatrist .	...	...	1	...	...	1

		Muslims	Hindus	Sikhs	Others	Total
50 (Army) Board, Rawalpindi—						
Psychologist	..	1	..	..	.	1
Staff Captain	...	..	1	.	..	1
Clerical staff enrolled and un-enrolled	..	.	5	3	1	9
Total	...	3	10	3	2	18
53 (Army) Board, B reilly—						
President	Col	1				1
Dy. President	Lt Col		1			1
G T Os,	Major		1			1
	Capt	.		1	1	2
Psychologist	..	..	1		.	1
Staff Captain	.	..		.	1	1
Clerical staff enrolled and un enrolled	.	1	4	1	1	7
Total	...	2	7	2	3	14
54 (Army) Board, Japan—						
President	Col	.	1	.	.	1
Dy. President	Lt-Col.	.	.			...
G. T Os.	Major	.	1	..	.	1
	Capt.	.	..	.	1	1
Psychiatrist	...	.	1	.	.	1
Psychologist	...	.	1		..	1
Staff Captain	.	.			1	1
Clerical staff enrolled and un-enrolled	...	1	1		5	7
Total	...	1	5	.	7	13
55 (Army) Board, Bangalore—						
President	Col	...	1	..	.	1
Dy. President	Lt-Col.	..	1	...	..	1
G. T. Os.	Major	...	...	..	1	1
	Capt.	1	...	...	2	3

		Muslims	Hindus	Sikhs	Others	Total
55 (Army) Board, Bangalore—contd						
Psychologist . . .		...	.	..	1	1
Staff Captain	Capt		..	.	1	1
Clerical staff enrolled and un enrolled	...		4		3	7
Total	.	1	6		8	[15]
56 (Navy) Board, Lonavla— (Disbanded 15/9/1946)						
President . . .	Capt. R1NR .				1	1
Dy President . .	Commander		1			1
G T. Os. . . .	Lt. Comdr./R1NVR	.	1			1
	Lieut./R1NVR	.	.		1	1
Psychologist . . .	Major .				1	1
Staff Capt . . .	Capt. . .				1	1
Clerical staff enrolled and un enrolled	...	1	2		3	6
Total . . .	...	1	4		7	12
57 (RIAF) Board, Dehra Dun—						
President	Gp. Capt. .			.	1	1
Dy President . . .	W/Cdr. . .	.	1			1
G T Os.	S/Ldr . . .	1	..	.	...	1
	F/Lts . . .	1	1	..		2
Psychiatrist . .	S/Ldr . . .		1	.	.	1
Psychologist . .	F/Lt. . . .	1	...	...	..	1
Staff Capt . . .	Capt. . . .	...	1	..		1
Testers	Sgts. . . .	2	2	...		4
Clerical Staff enrolled and un-enrolled	...	...	9	...	2	11
Total . . . .	..	5	15	...	3	23

		Muslims	Hindus	Sikhs	Others	Total
68 (Army) Board, Dehra Dun—						
President	Col	1				1
Dy President	Lt-Col		1			1
G. T Os	Major				1	1
	Cpts				3	3
Psychologist	...		1			1
Staff Capt.	Capt				1	1
Clerical Staff enrolled and un-enrolled		4	3		1	8
Total		5	5		6	16
71 (Army) Board Meerut—						
President	Col				1	1
Dy President	Lt-Col		1			1
G T Os	Major		2			2
	Capt		1			1
Psychiatrist					1	1
Psychologist		1				1
Staff Captain	Capt	1				1
Clerical Staff enrolled and un-enrolled		1	7		1	9
Total		3	11		3	17

PROPERTY OF RAJA MAHENDRA PRATAP

1341. *Shri Sri Prakasa: Will the Honourable the Home Member be pleased to state

(a) if the property of Raja Mahendra Pratap was attached during World War I under the Bengal Regulation of 1818 on the ground that he had 'treasonably allied himself with the enemy',

(b) if under the 'Mahendra Pratap Singh Estate Act, 1928', his property was forfeited and granted to his sons under certain conditions, and if so, what were the conditions,

(c) if the sons of Raja Mahendra Pratap are in possession of the property to-day,

(d) if Raja Mahendra Pratap has now been allowed to come back to his country and has actually come back, and

(e) if Government propose to consider the question afresh and introduce legislation to give back to Raja Mahendra Pratap what his own share in the property would have been under the Mitakshara Law?

The Honourable Sardar Vallabhbhai Patel: (a) The property was attached under Bengal Regulation III of 1818 as according to the then Government there was ground for believing that he had aided the King's enemies during the 1914-18 War

(b) The conditions were as follows

- (1) That Prem Pratap Singh and his heirs will be faithful and bear true allegiance to His Majesty King George the Fifth, his heirs and successors according to law
- (2) That he or his heirs shall maintain Rani Sarup Kuar the surviving widow of Raja Hari Narain Singh, his grand-father in the manner in which Rani Sarup Kuar has been maintained heretofore
- (3) That he or his heirs shall maintain and provide for the expenses of the marriage of his sister Bakhti Bai in a manner befitting her position
- (4) That neither he nor his heirs shall during the life time of Mahendra Pratap Singh alienate any of the properties granted to him and his heirs or any property that may have accrued to him and his heirs as a member of a joint Hindu family without the sanction in writing of the Government of the United Provinces of Agra and Oudh.
- (5) That neither he nor his heirs shall render assistance or support to Mahendra Pratap Singh either pecuniarily or otherwise in any manner whatsoever
- (6) That neither Prem Pratap Singh nor his heirs nor any one claiming through or in trust for him shall bring any action, suit, claim or demand against the Government of India, the Government of the United Provinces of Agra and Oudh, the Board of Revenue for the United Provinces of Agra and Oudh or any official acting on behalf of the said Governments or the said Board of Revenue with regard to any action taken or anything done by the aforesaid Governments Board of Revenue or their officials touching any matter in any way relating to the attachment or forfeiture of the property

(c) As far as Government is aware Prem Pratap Singh, the son of Mahendra Pratap Singh, is in possession of the property granted under the *Sanad*

(d) Yes

(e) This matter is no longer the concern of the Government of India but is within the discretion of the Government of the United Provinces

UTILISATION OF MONEY FROM THE SCHEDULED BANKS HELD BY RESERVE BANK OF INDIA

1342. *Shri Sri Prakasa: Will the Honourable the Finance Member be pleased to state

(a) the amount of money from the scheduled banks of the country which is held by the Reserve Bank of India under the heads 'Time Liabilities' and 'Demand Liabilities' without interest, and

(b) the manner in which it utilises the money?

The Honourable Mr. Liaquat Ali Khan: (a) I would invite the Honourable Member's attention to the statement of the position of Scheduled Banks published weekly by the Reserve Bank under Section 43 of the Reserve Bank of India Act

(b) The statutory deposits of Scheduled Banks are not required under the Act to be earmarked for a particular purpose and form part of the assets of the Bank. The distribution of these assets is set out in the weekly statement of the affairs of the Banking Department of the Bank.

TRAINING OF INDIAN STUDENTS ABROAD

1343. *Pandit Sri Krishna Dutt Paliwal: Will the Honourable Member for Education please state

(a) whether Government have appointed or propose to appoint any Committee to advise them on the question of training Indian students abroad, and

(b) whether Government have formulated any plans for sending students to countries other than the United Kingdom and the United States of America?

Honourable Maulana Abul Kalam Azad: (a) Yes Sir. Attention of the Honourable Member is invited to the reply given to question Nos. 855 and 1245 by Seth Govind Das on the 12th March 1947 and the 28th March 1947, wherein it was stated that Government have appointed a Committee to enquire into the whole question of Overseas Scholarships.

(b) The intention has all along been to place students in those countries abroad where the best facilities for the subject for which they are selected are available. So far scholars have been sent to Australia, New Zealand, Canada and France besides the United Kingdom and the United States of America. The said Committee will look into this aspect of the question also.

WELFARE BRANCH OF THE HIGH COMMISSIONERS OFFICE FOR HELPING INDIAN STUDENTS

1344. *Pandit Sri Krishna Dutt Paliwal: Will the Honourable Member for Education please state

(a) whether it is a fact that Government have established a separate Welfare Branch in the Education Department of the High Commissioner's office in the United Kingdom to help the Indian students in regard to their accommodation and general welfare, and

(b) whether Government have established another hostel in London to serve as a Reception and Transit Camp for Indian students?

The Honourable Maulana Abul Kalam Azad: (a) and (b) These matters have been fully discussed with the Deputy High Commissioner for India in the United Kingdom when he was recently in Delhi for this purpose, and the High Commissioner has been asked to submit detailed proposals urgently. Government expect to be able to make the necessary arrangements in the near future.

SCHOLARSHIPS FOR WOMEN STUDENTS FOR STUDIES ABROAD

1345. *Pandit Sri Krishna Dutt Paliwal: Will the Honourable Member for Education please state

(a) if Government have earmarked any percentage of scholarships for studies abroad for women students and

(b) the number of women scholars who have been sent abroad this year?

The Honourable Maulana Abul Kalam Azad: (a) No percentage of Overseas Scholarships awarded by the Government of India has so far been earmarked for women candidates. Of the Provincial Governments, Bengal and Punjab earmarked six and two scholarships respectively for women candidates in 1946, without, however, earmarking any percentage. Similarly, the Government of India have this year earmarked three scholarships for women candidates, one each for Teacher Training in Crafts, School Medical Service and Physical Training. In addition to these, scholarships for subjects like Domestic Science and Nursery Education naturally go to women candidates.

(b) The question does not arise at this stage as the award of Overseas Scholarships this year, both Central and Provincial, has not yet been finally settled

In this connection I should like to state that the committee under the chairmanship of Dr B C Roy which has been appointed to go into the question of the future policy of Government regarding overseas scholarships will consider this aspect of the question also

RULES GOVERNING THE GRANT OF SUBVENTION TO SIND, N W F P AND ORISSA

1346. *Maharajkumar Dr. Sir Vijaya Ananda: (a) Will the Honourable the Finance Member be pleased to state the rules that govern the grant of subvention to the Provinces like Sind, North West Frontier Province and Orissa?

(b) Is it a fact that Sind which was being granted only Rs 4 crores on a population basis is now seeking Rs 20 crores and Bengal is also demanding a subvention of Rs 20 crores?

The Honourable Mr. Liaquat Ali Khan: (a) I would invite the Honourable Member's attention to the Government of India (Distribution of Revenues) Order 1936, and to the Government of India (Distribution of Revenues) (Amendment) Order 1944

(b) Sind did not get a subvention of rupees four crores. The Government of India have not received a request for twenty crores from the Sind Government. The Bengal Government recently asked for a special subsidy of rupees nine crores but this request has not been accepted

REALISATION OF MONEY FROM DISPOSALS

1347. *Mr. Manu Subedar: (a) Will the Honourable the Finance Member please state what is the amount of disposals by value for each month after the Disposals Department was set up?

(b) What has happened to the funds realised by such disposal and whether credit has been taken for them in current expenses, or on suspense account, or under any capital heads?

(c) What moneys, if any, have been given to His Majesty's Government and to the Government of the United States of America, in respect of any realisations or disposals made by the machinery set up by the Government of India?

(d) Have any such moneys been so transferred?

(e) Have they been accounted for by book entry or by actual transfer of value and, if so, in what form and to what extent?

The Honourable Mr. Liaquat Ali Khan: (a) A statement giving the necessary information is placed on the table of the House

(b) The funds realised are credited in the first instance to a Suspense Head. The amounts so credited are dealt with as follows —

(1) *Defence Department Surpluses* — The amount realised is almost entirely credited to His Majesty's Government as these surpluses mostly belong to His Majesty's Government

(2) *American Surpluses* — The amount realised up to 50 million dollars exclusive of customs duty is to be credited to Indian Revenues. Any realisations over 50 million dollars will be divided in moieties between the Governments of United States of America and India.

(c) and (d) The amount credited to His Majesty's Government in the accounts of 1945-46 on account of Defence Department surpluses is Rs 10 66 crores. The adjustment for the year 1946-47 has not yet been made.

The realisations expected from the sale of American surpluses in 1946-47 are less than 50 million dollars, and therefore the question of payment to the Government of United States of America does not arise in that year.

(e) So far as credits to His Majesty's Government are concerned, they are taken in reduction of the recoverable War expenditure. As regards the credit to be afforded to the Government of the United States of America, the question of payment has not so far arisen.

Statement of sales of surpluses concluded each month since the Directorate General of Disposals was set up

Month	Value in rupees
	Rs
December 1945	1 37 83,000
January 1946	1 73,95 000
February 1946	1,57 53 000
March 1946	2 64,44,000
April 1946	2 91,25,000
May 1946	4,19,02,000
June 1946	3 68,53,000
July 1946	11,80,99,000
August 1946	9,49,63,000
September 1946	7,07,63,000
October 1946	4,47,90,000
November 1946	5,31,31,000
December 1946	16,76,08,000
January 1947	5,83,21,000
February 1947	7,45,16,000
Total	86,34,76,000
Less estimated customs duty to be deducted from sale price	14,00,00,000
Net	72,34,76,000

NOTE.—The above figures represent the value of the sales concluded. The figures of realisations are smaller for various reasons, such as payment by instalments, subsequent cancellation of sales in certain cases and the time lag in adjustment in accounts.

NATIONAL WAR ACADEMY

1348. *Mr. Ahmed E. H. Jaffer: (a) Will the Secretary of the Defence Department be pleased to state which place has been finally selected for establishing the proposed National War Academy?

(b) When will the Academy start functioning?

Mr. G. S. Bhalja: (a) The Governor-General in Council decided on the 20th February 1946 that the National War Academy should be established at Kharakwasala near Poona. The question is, however, under the consideration of the present Government as a part of the recommendations of the National War Academy Committee's Report.

(b) It is not possible to say when the Academy will start functioning as the National War Academy Committee's Report has not yet been finally adopted.

PERMANENT EMPLOYMENT OF ORDNANCE OFFICERS (CIVILIANS) IN THE I A O C

1349. *Mr. Tamizuddin Khan: (a) With reference to the answer given to my starred question No. 318 asked on the 14th February, 1947, regarding Ordnance Officers (Civilians) in the I A O C will the Secretary of the Defence Department be pleased to state if Government have come to a decision as to whether "any of the war-time ordnance officers (civilians) can be absorbed in the permanent cadre of other Branches of the Service"?

(b) In case the answer is in the negative is it a fact that a number of these officers have been served with notices of termination of their services and that such notices are still being served?

(c) If so, what is the number of officers who have been served with such notices?

(d) What is the reason for serving such notices before the question of absorbing these officers in the permanent cadre of other branches of the service has been decided?

Mr. G. S. Bhalja: (a) No final decision can be reached till the size of the future Armed Forces is settled but it is intended to retain as many as possible. There seems no possibility of the number exceeding one hundred.

(b) A number of notices have been served.

(c) One hundred and thirty-five.

(d) Because there is no work for them and it is unlikely that they could be absorbed in the Ordnance and other Branches.

DEPUTY ASSISTANT CONTROLLERS IN THE SUPPLY ACCOUNTS OFFICE

1350. *Mr. Tamizuddin Khan: (a) Will the Honourable the Finance Member please state the number of Deputy Assistant Controllers community-wise in the following Supply Accounts Office: (i) Chief Controller of Supply Accounts, Delhi, and (ii) Controllers of Supply Accounts, Delhi, Calcutta and Bombay?

(b) How many Deputy Assistant Controllers in the above offices are holding (i) permanent appointments, (ii) temporary appointments and (iii) appointments on deputation from other offices?

(c) Are Government aware that the Supply Accounts Offices are being reorganised as a result of which a number of Deputy Assistant Controllers from the offices mentioned in part (a) above are being reverted to their substantive appointments?

(d) If the answer to part (c) above be in the affirmative, what is the number of such officers belonging to different communities and offices as mentioned in part (a) above?

(e) What steps Government propose to take to maintain the 25 per cent ratio of Muslims in the grade of Deputy Assistant Controllers on the re-organisation of the Supply Accounts Offices?

The Honourable Mr. Liaquat Ali Khan: (a) to (d) I place a statement on the table of the House giving the necessary information

(e) No direct recruitment is made to the cadre of Deputy Assistant Controllers and therefore the reservation rules do not apply

STATEMENT

(1)	Number of Deputy Assistant Controllers Community-wise as on 24th March 1947				Reversions of Deputy Assistant Controllers to lower posts scheduled to take place with reduction in work		
	Hindu (2)	Scheduled Caste (3)	Muslim (4)	Total (5)	Hindu (6)	Muslim (7)	Scheduled Caste (8)
Chief Controller of Supply Accounts, New Delhi	1	1		2	..		..
Controller of Supply Ac- counts, New Delhi	9		2	11	1		.
Controller of Supply Ac- counts, Cuckutta	7		..	7	2		..
Controller of Supply Ac- counts, Bombay	5		.	5	1	..	..

Note 1—[Reference part (b) of the question]

All the officers shown in the above statement hold temporary appointments. (Ten of them are on deputation from other offices) There are only two permanent posts of Deputy Assistant Controllers in the Chief Controller of Supply Accounts Organisation and the substantive holders are now holding temporarily posts outside the cadre of Deputy Assistant Controller

Note 2—(Reference parts (c) and (d) of the question)

The Deputy Assistant Controllers who will revert to lower posts consequent on the reduction of work are shown community wise in columns (6) to (8) of the above statements. No one will revert to his parent office

IMPROPER FOOD ARRANGEMENTS FOR GIRL STUDENTS OF THE COLLEGE OF NURSING, NEW DELHI

1351. *Shri D. P. Karmarkar: Will the Secretary of the Health Department please state

(a) whether it is a fact that a few of the girl students of the College of Nursing, New Delhi, have left the College on account of the improper arrangement for food in the hostel,

(b) whether Government are aware that the girl students of the B Sc Honours class are given food which is unwholesome in quality and insufficient in quantity,

(c) whether the management cannot provide better food within the monetary allotment fixed per student per month, and

(d) whether Government propose to take necessary steps to remove the grievances of the students who have come from all parts of India, are away from their parents and have no means to supplement their food?

Mr. S. H. Y. Oulnam: (a) and (b). No.

(c) The question does not arise. The food given to the students is wholesome and is reported to be adequate from the point of view of nutrition.

(d) No complaints have been received. The Government is, however, anxious that the food in this institution should be fully adequate and satisfactory and the possibility of improving it will be considered.

APPOINTMENT OF RESERVE INSPECTORS OF U P POLICE AS DEPUTY SUPERINTENDENTS OF POLICE IN AJMER-MERWARA

1352. *Pandit Mukut Bihari Lal Bhargava: (a) Will the Honourable the Home Member be pleased to state whether Government are aware that all the four permanent posts of Deputy Superintendents of Police in Ajmer-Merwara (two in the Railway Police and two in the District Police) are held by officers imported from the United Provinces, mostly Reserve Inspectors promoted as Officiating Deputy Superintendents in the United Provinces?

(b) Why are capable and experienced Inspectors in Ajmer-Merwara with brilliant records of criminal and investigation work not promoted to these posts?

The Honourable Sardar Vallabhbhai Patel: (a) and (b) All the four permanent posts of Deputy Superintendents of Police in Ajmer-Merwara are at present borne on the Provincial Police cadre of the United Provinces, and appointments to these posts can only be made from among Police officers belonging to that Province. Three of the present incumbents are promoted Reserve Inspectors. Measures are under consideration for improving the position.

USE OF SERVICE AIRCRAFT FOR PRIVATE TRIP TO AGRA BY AIR OFFICER COMMANDING-IN-CHIEF

1353. *Sardar Surjit Singh Majithia: (a) Will the Secretary of the Defence Department be pleased to state whether Government have made enquiries regarding the trip of the Air Officer Commanding-in-Chief to Agra with certain civilians in a service aircraft on Saturday the 8th March, 1947?

(b) If the answer be in the affirmative, what is the action taken thereon?

Mr. G. S. Bhalja: (a) Yes, Sir.

(b) There was an Air Display at Agra on the 8th March 1947 and the Air Officer Commanding-in-Chief of the Air Forces in India flew to Agra on that day in the normal course of his duties.

PROPOSED TAKING AWAY OF 'TEMPEST' AIRCRAFT BY THE ROYAL AIR FORCE

1354. *Sardar Surjit Singh Majithia: Will the Secretary of the Defence Department be pleased to state if it is a fact that the Royal Air Force propose to take away 'Tempest Aircraft' and leave behind 'Spit Fires' for the Royal Indian Air Force when they leave India? If so, why?

Mr. G. S. Bhalja: The answer to the first part of the question is in the negative. The latter part does not therefore arise.

CAUSES OF RELIEVING OF COMMAND BY AIR MARSHAL SIR RODERICK CARR

1355. *Sardar Surjit Singh Majithia: Will the Secretary of the Defence Department be pleased to give the causes for relieving Air Marshal Sir Roderick Carr of his command at such short notice?

Mr. G. S. Bhalja: Air Marshal Carr was permitted to resign his post as he had already reached the retiring age for his rank and was due for relief in due course.

INDIANISATION OF INDIAN ARMY VETERINARY CORPS

1356. *Mr. Mohammad M. Killedar: (a) Will the Secretary of the Defence Department please state what steps Government have taken to Indianize the Indian Army Veterinary Corps?

(b) How many Indian qualified Veterinary Graduates have been given Commissions in the said Corps?

(c) What is the number of English Veterinary Surgeons in the said Corps?

(d) Why is the distinction between Viceroy's Commissioned and King's Commissioned Veterinary Officers maintained when duties of both Officers are the same?

Mr. G. S. Bhalja: (a) The Indian Army Veterinary Corps is already one hundred per cent Indian.

(b) Two hundred and thirty-three Emergency Commissions were granted to Indian graduates and licentiates from the various Veterinary Colleges.

(c) As already stated, there are no British Officers in the Corps, but a few senior officers of the R A V C are attached until nationalization can be completed.

(d) The duties of the ICO and the VCO are not the same. The former has to shoulder greater responsibility and has to be better qualified.

SELECTION OF MANAGERS AND OFFICERS FOR ARMY DAIRIES AND POULTRY FARMS

1357. *Mr. Mohammad M. Killedar: Will the Secretary of the Defence Department please state

(a) what procedure is followed in selecting the managers and officers for Army Dairies and Poultry Farms,

(b) what qualifications are laid down for such jobs, and

(c) whether such posts are advertised before the selection of personnel?

Mr. G. S. Bhalja: (a) The selection of Managers for Army Dairies and Poultry Farms is made from Supervisors within the Department. In Military Poultry Farms, however, due to rapid war-time expansion a certain number of temporary Managers were recruited by direct entry. Future appointments will follow the normal procedure of selection from Supervisors within the Department.

As regards Officers, who are of two types, civil and military, the former are selected from amongst the senior subordinate civilians in the Military Farms Department and the latter are obtained from officers serving in the Armed Forces.

(b) For Managers long and satisfactory service combined with Departmental technical training is necessary. Importance is also attached to academic qualifications though experience in each grade is regarded as essential in the interests of efficiency.

As regards Military Officers, a good military career prior to joining the Department is required and all entrants have to attend a Departmental Technical Course of Instruction in order to obtain a satisfactory standard before being accepted for service in the Department.

Civilian Officers promoted from the managerial grade are required to attend and qualify at the same Departmental Technical Course of Instruction as laid down for Military Officers, before being confirmed in their appointments.

(c) The posts of Manager for Civilian Officers are not advertised but those of Military Officers are advertised in Indian Army Orders.

DAMAGE TO GRIFFON ENGINES OF THE AIR FORCE IMPORTED AT DRIGH ROAD, KARACHI

1358. *Sardar Sunit Singh: Will the Secretary of the Defence Department be pleased to state whether it is a fact that new Griffon Engines recently imported at Drigh Road, Karachi, were found to have rusted?

(b) Were these engines meant for the R I A F?

(c) Have they been used for the Government of India?

Mr. G. S. Bhalja: (a) Yes, Sir Certain parts of these engines have been found to be corroded.

(b) These engines were sent to India by H M G. for use by both the R. A. F and the R I A F.

(c) No, Sir.

COMPOSITION OF SELECTION BOARDS FOR THE ARMED SERVICES.

1359. *Mr. Shah Nazar Hasan: (a) Will the Secretary of the Defence Department please lay on the table of the House a statement giving the composition of all selection Boards set up for all the three Armed Services after the termination of the war?

(b) Is it a fact that no Muslim was appointed as president or vice-president of these Boards? If so, why?

(c) Do Government propose to further Indianize the personnel of these Boards?

(d) If the answer to part (c) above be in the affirmative, do Government propose to give an assurance that Muslims will be fully represented on these Boards?

Mr. G. S. Bhalja: (a) I would refer the Honourable Member to my answer to part (c) of starred question No 1310

(b) No, Sir

(c) Yes, Sir

(d) Yes, Sir There is no discrimination against Muslims or any other community

GRANT OF COMMISSIONS AFTER THE TERMINATION OF WAR TO DIFFERENT COMMUNITIES

1360. *Mr. Shah Nazar Hasan: (a) Will the Secretary of the Defence Department please give the number of Hindus, Muslims and Sikhs who have been interviewed after the termination of the War for permanent and temporary Commissions and how many of them from each community have been granted such commissions?

Mr. G. S. Bhalja: I lay a Statement on the table of the House

STATEMENT

(a) *Emergency (Temporary) Commissions from 16th August 1945 to 31st December 1946*

Community	Army		Navy		R I A F		Total	
	Inter-viewed	Accept-able	Inter-viewed	Accept-able	Inter-viewed	Accept-able	Inter-viewed	Accept-able
Hindus	1439	175	37	1	1055	218	2531	394
Muslims	687	121	25	...	375	84	1088	205
Sikhs	411	77	7	...	158	28	576	103
Totals	2537	373	70	1	1588	328	4195	702

STARRED QUESTIONS AND ANSWERS

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(b) *Indian Emergency Commissioned Officers for permanent Commissions from 16th August 1945 to 31st March 1947.*

Community	Army		Navy		R. I. A. F.		Total	
	Inter-viewed	Accept-ed	Inter-viewed	Accept-ed	Inter-viewed	Accept-ed	Inter-viewed	Accept-ed
Hindus . .	1273	584	220	46	168	91	1661	721
Muslims .	941	427	118	19	96	62	1155	508
Sikhs	676	310	42	12	79	40	797	362
Total .	2890	1321	380	77	343	193	3613	1591

(c) *Indian Civilians & Servicemen for permanent Commissions through the I M A from August 1945 to 31st March 1947*

Community	Interviewed	Acceptable
Hindus	2198	283
Muslims	858	115
Sikhs	462	83
Total	3518	481

(d) *Indian Civilians for R. I. N. permanent Commissions through the F. P. S. C. from 16th August 1945 to 31st March 1947.*

Community	Interviewed	Acceptable
Hindus	19	9
Muslims	2	2
Sikhs	3	1
Total	24	12

NOTES.

(i) By the 31st December 1946 interviewing for Emergency Commissions had ceased

(ii) There has been no interviewing of civilians for permanent commissions in the R I A F

(iii) With reference to the statement at (a), the total number of Emergency Commissions granted during the period mentioned is as follows.

R I N	13
I A.	891
R I A F	211

Many of these were interviewed before the termination of the war and several were granted commissions direct and did not appear before Selection Boards

(iv) Where the word "acceptable" has been used, the candidates are required to undergo training before they can be granted commissions. Exact figures of those, out of this number, who obtained commissions are not readily available. As regards the total number of permanent and short service commissions so far granted please see the statement laid on the table of the House in answer to starred question No 1340

(v) 792 short service commissions have so far been granted. These are made up of 561 commissions granted to IECOs and 231 granted to cadets from O T S who joined the Training Schools prior to August 1946 with a view to qualifying for Emergency Commissions. The 561 IECOs were selected by Directors of the various Arms and Services after considering the past records of the applicants. The 231 cadets were found suitable for short service commissions as they had successfully completed their pre-commission training and had been recommended by the Commandant of the School. This method of selection was stopped from the 7th January 1947 and future selections will be made by the Services Selection Boards except for specialised appointments such as those in the JAG's Department

PAY OF OFFICERS APPOINTED UNDER THE 'SMALL SAVINGS SCHEME'

1361. *Shri Mohan Lal Saksona: (a) Will the Honourable the Finance Member be pleased to state whether it is a fact that the Officers appointed under the 'Small Savings Scheme' are drawing a fixed pay for the last three years and that no increments have been allowed to them?

(b) Is it a fact that no scales of pay have been prescribed for these Officers and if so, when do Government propose to sanction regular grades for them, taking into consideration the existing high cost of living?

The Honourable Mr. Liaquat Ali Khan: (a) A number of officers and staff engaged in connection with the Small Savings Scheme are on fixed pay

(b) The scheme was originally sanctioned for the duration of the war and has been subsequently extended from year to year and there was no occasion to fix scales of pay for all posts. The question of sanctioning suitable grades of pay is under active consideration

CONTROL OVER METROPOLITAN BISHOPS AND CLERGY IN INDIA

1362. *Sri R. Venkatasubba Reddiar: (a) Will the Secretary of the Defence Department please state what control Government have over the Metropolitan Bishops and other Clergy of India with a view to safeguard the promulgation of the Authorised Articles of Faith and forms of worship as sanctioned by the British Parliament in the Book of Common Prayer and to prevent the abuse of Ecclesiastical Powers against the legitimate religious feelings of Indian Christians as Communicant Members of the Church of India, Burma and Ceylon?

(b) Are Government aware that Prayer Books containing unauthorised doctrines and forms of worship commonly known as "Pak Qurbani" have been introduced and acted upon in Churches under the Archdeaconry of Delhi in spite of the protests and opposition of the Indian Christians professing the Faith of Evangelical Church of England?

Mr. G. S. Bhalja: (a) The Government of India have no jurisdiction over the Christian or other Churches in spiritual matters. All laymen are fully represented on the various Church Councils and can safeguard their rights through them

(b) The Government have no information to this effect. The result of further enquiries is awaited, and will be placed on the table of the House as soon as it is received

STARRED QUESTIONS AND ANSWERS
NON-MARTIAL COMMUNITIES IN THE INDIAN ARMY

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1363. *Chaudhri Sri Chand: (a) Will the Secretary of the Defence Department please state the number of soldiers of non-martial communities in the Indian Army?

(b) What is the number of officers, Commissioned and Non-Commissioned, of non-martial communities in the fighting Forces?

Mr. G. S. Bhalja: (a) and (b) As recruitment to the Armed Forces is made from all classes and all Provinces and as there is no longer any distinction made between classes as "martial" and "non-martial", the figures required by the Honourable Member are not available

OFFICERS AND CLERKS BELONGING TO URBAN AND RURAL AREAS EMPLOYED
IN THE EDUCATION DEPARTMENT

1364. *Chaudhri Sri Chand: Will the Honourable Member for Education please state

(a) the number of officials and clerks in his Department and attached offices at Delhi, and

(b) the number of officials and clerks belonging to the (i) urban, and (ii) rural areas?

The Honourable Maulana Abul Kalam Azad: (a) The information asked for is as follows

	Number of Officers employed	Number of Clerks employed
Department of Education	36	271
Office of the Director General of Archaeology at Delhi	10	30

(b) Presumably the Honourable Member would like to know whether the employees at the time of their appointment came from an Urban or a Rural area. If so, the time and labour involved in the collection of this information will not be commensurate with the result to be achieved.

OFFICERS AND CLERKS BELONGING TO URBAN AND RURAL AREAS EMPLOYED
IN THE FINANCE DEPARTMENT

1365. *Chaudhri Sri Chand: Will the Honourable the Finance Member please state

(a) the number of officials and clerks in his Department and attached offices at Delhi, and

(b) the number of officials and clerks belonging to the (i) urban, and (ii) rural areas?

The Honourable Mr. Liaquat Ali Khan: (a) and (b) A statement showing the information asked for is laid on the table of the House

STATEMENT

(1)	(2)		(3)					
	Total actual strength on 31st March 1947		Numbers belonging to Urban and rural areas					
	Gazetted Officers incl. Gazetted Supdts	Inferior	Gazetted Officers		Ministerial		Inferior	
			Rural	Urban	Rural	Urban	Rural	Urban
(i) Finance Deptt. (O. R.)	74	245	15	48	129	222	227	18
(ii) Revenue Division	19	81	4	14	47	57	80	1
(iii) Directorate of Inspection.	4	14	1	3	7	9	14	...
(iv) J. I. A. (Food)	3	12	1	2	7	16	11	1
(v) F. A. Delhi Province	1	5	...	1	2	5	5	.
(vi) Central Pay Commission.	4	18	...	4	6	12	18	...
(vii) Commodities Price Board.	5	9	..	4	2	8	7	2
Total	110	384	21	76	200	331	362	22

NOTE : Figures in column (3) do not included 9 European Officers, 2 Officers on deputation and one Officer on leave and 10 members of the ministerial staff on leave. One officer has no settled and cannot, therefore, be classified

VILLAGE PROGRAMMES BY THE ALL-INDIA RADIO

1366. *Chaudhri Sri Chand: (a) Will the Honourable Member for Information and Broadcasting please state whether Government propose to consider the desirability of consulting some men from villages who know the tastes and customs of the villagers in drawing up programmes for the rural population? If not, why not?

(b) Is there any well-educated villager on the staff of the Radio Department, Delhi?

The Honourable Sardar Vallabhbhai Patel: (a) It has been decided to appoint an Advisory Committee consisting of public men from villages to advise on all matters concerning Rural Programmes

(b) Yes

REVISION OF INTERNATIONAL SANITARY CONVENTION RELATING TO HAJ PILGRIM TRAFFIC

1367. *Mr. Mohammad M. Killeidar: (a) Will the Secretary of the Health Department please state whether Government are aware that an international conference to consider and if necessary to revise the International Sanitary Convention is to be held in Egypt in the near future?

(b) Are Government aware that among other things, this conference will consider and probably take important decisions for revising the special part of the International Sanitary Convention, relating to Haj Pilgrim Traffic, which forms an important part of the whole Convention?

(c) Are Government aware of the importance of this item and of the desire of the Muslims for completely revising the various out-of-date and unnecessary regulations under this part?

(d) Are Government taking steps, and if so, what, to instruct their representatives, to represent these views strongly, with a view to get the necessary changes made in the Convention?

(e) Do Government propose to consider the advisability of associating with this delegation, either as members, or as advisers, some non-official persons, such as those who are actually and actively connected with the carriage of pilgrim Traffic?

Mr. S. H. Y. Oulsnam: (a) and (b) The Interim Commission of the World Health Organisation has set up a sub-committee of experts to consider the revision of the Pilgrimage clauses of the International Sanitary Convention, 1926, as amended in 1938. The sub-committee will consist of six experts (including one from India) selected by the Executive Secretary and Chairman of the Interim Commission in agreement with the governments concerned. It will meet in Egypt from the 16th April, 1947. The sub-committee will not arrive at decisions but will submit its report to the Interim Commission.

(c) Yes.

(d) Suitable instructions will be given to the Indian representative on the sub-committee.

(e) No. The sub-committee consists of experts in quarantine matters who will carry out a preliminary review and the Government do not propose to include non-official persons in the delegation. The question of inclusion of non-official persons in the delegation to the Interim Commission or the World Health Assembly will be considered when the matter comes up before the Commission or Assembly.

UNSTARRED QUESTIONS AND ANSWERS

PROMOTION OF MUSLIMS PERMANENTLY TO THE INDIAN AUDIT AND ACCOUNTS SERVICE

108. Mr. Yusuf Abdoola Haroon: (a) Will the Honourable the Finance Member please state the number of persons who have been promoted permanently to the Indian Audit and Accounts Service during the last ten years, stating the number of Muslims and non-Muslims separately?

(b) If the number of Muslims is less than 25 per cent of the total number of men promoted, what steps are proposed to be taken to make up this shortage?

(c) Do Government propose to review the cases of all Muslims in the temporary Emergency Cadre of the Indian Audit and Accounts Service and promote to the Indian Audit and Accounts Service those who fulfil the necessary conditions?

The Honourable Mr. Liaquat Ali Khan: (a) Twenty two officers were promoted permanently to the Indian Audit and Accounts Service during the last ten years. Twenty of these officers were non-Muslims and two were Muslims.

(b) Promotion to the permanent cadre of the Indian Audit and Accounts Service is made entirely by selection on merit. Orders regarding communal representation apply to vacancies filled by direct recruitment only and not to those filled by promotion. The question of promoting Muslims to the Indian Audit and Accounts Service upto a specified percentage does not therefore arise.

(c) The claims of Muslims for the promotion in question are already carefully considered, and no necessity arises for a special review.

DE-REQUISITIONING OF THE OPEN GROUND NEAR GOVERNMENT WOMEN'S TRAINING COLLEGE IN NASIK

109. Sardar N. G. Vinchoorkar: Will the Secretary of the Defence Department please state

(a) whether Government are having control over the open grounds close to the Government Women's Training College on the Agra Road in Nasik, and are using the same as a staging camp for military purposes,

(b) if the reply to part (a) be in the affirmative, whether Government are aware that this causes much inconvenience to the civilian population in depriving them of the use of the same, and

(c) whether Government propose to hand over these grounds for the use of the civilian population by de-requisitioning the same?

Mr. G. S. Bhalja: (a) and (b) The staging camp was released on the 22nd March 1947.

(c) Does not arise.

ELECTION TO STANDING COMMITTEE FOR EXTERNAL AFFAIRS DEPARTMENT

Mr. President: I have to inform the Assembly that upto 12 Noon on Thursday, the 27th March, 1947, the time fixed for receiving nominations for the Standing Committee for the Department of External Affairs, twelve nominations were received. Subsequently two members withdrew their candidature. As the number of remaining candidates is equal to the number of vacancies, I

declare the following members to be duly elected to the Committee for the financial year 1947-48

(1) Sreejot Rohini Kumar Choudhury, (2) Pandit Balkrishna Sharma, (3) Professor N G Ranga, (4) Seth Sukhdev, (5) Khan Abdul Ghani Khan, (6) Khan Bahadur Sharbat Khan, (7) Mr C P Lawson, (8) Mr Abdur Rahman Siddiqi, (9) Mohamamad Amir Ahinad, and (10) Khwaja Nazimuddin

ELECTION TO STANDING COMMITTEE ON COMMONWEALTH RELATIONS

Mr. President: I have to inform the Assembly that upto 12 Noon on Thursday, the 27th March, 1947, the time fixed for receiving nominations for the Standing Committee on Commonwealth Relations, eleven nominations were received. Subsequently one member withdrew his candidature. As the number of remaining candidates is equal to the number of vacancies, I declare the following members to be duly elected to the Committee for the financial year, 1947-48 ..

(1) Mr N M Joshi, (2) Seth Sheodass Daga, (3) Babu Ram Narayan Singh, (4) Mr Nagendranath Mukhopadhyay, (5) Seth Govind Dass, (6) Sri S T Adityan, (7) Captain G T B Harvev, (8) Mr Ahmed E H Jaffer, (9) Mr Muhammad Nauman, and (10) Khwaja Nazimuddin

ELECTION TO CENTRAL COMMITTEE OF TUBERCULOSIS ASSOCIATION OF INDIA

Mr. President: I have to inform the Assembly that upto 12 Noon on Tuesday, the 1st April, 1947, the time fixed for receiving nominations for the Central Committee of the Tuberculosis Association of India, one nomination was received. As there is only one candidate for the vacancy, I declare Pandit Mukut Bihari Lal Bhargava to be duly elected to the Committee

ELECTION TO GOVERNING BODY OF INDIAN RESEARCH FUND ASSOCIATION

Mr. President: I have to inform the Assembly that upto 12 Noon on Tuesday, the 1st April, 1947, the time fixed for receiving nominations for the Governing Body of the Indian Research Fund Association, one nomination was received. As there is only one candidate for the vacancy, I declare Shri Sri Prakasa to be duly elected to the Body

DELHI SIKH GURDWARAS AND RELIGIOUS ENDOWMENT BILL

Sardar Mangal Singh (East Punjab Sikh) Sir, before I move the motion standing in my name, I would like to point out that the first name on the agenda paper is that of the Honourable Sardar Vallabhbhai Patel. With your permission I want to substitute the name of the Honourable Mr Jogendra Nath Mandal for the name of Sardar Vallabhbhai Patel, as I now understand that he is in charge of this Bill. I had thought that probably the Home Member was in charge of this Bill, but I was informed that the Law Member is in charge of this Bill. I will, therefore, substitute his name.

Sir, I move—

“That the following Members of the Legislative Assembly be nominated to serve on the Joint Committee to consider, and report on the Bill to provide for the better administration of the Sikh Gurdwaras in the Delhi Province and their properties wheresoever situate

[Sardar Mangal Singh]

- (1) The Honourable Mr Jogendra Nath Mandal,
- (2) Sirdar Jogendra Singh,
- (3) Sardar Surjit Singh Majithia,
- (4) Sardar Bahadur Captain Sardar Harender Singh,
- (5) Syed Ghulam Bhik Nairang,
- (6) Sardar Sampuran Singh, and
- (7) the Mover "

Sir, on the 14th February I moved in this House that a Joint Committee of both the Houses be appointed to consider this Bill. I understand that the other House has appointed 7 Members to serve on this Joint Committee. I propose today that 7 Members of the Assembly be appointed to serve on that Joint Committee. The Bill which I propose is not a controversial measure. It is only to legalise the existing position. It was circulated for eliciting public opinion thereon and I am glad that all the sections of the Sikh community are in favour of this Bill. I will not, therefore, take much time of the House but only ask the House to appoint 7 Members whose names I have mentioned to serve on this Joint Committee. Sir, I move

Mr. President: Motion moved

"That the following Members of the Legislative Assembly be nominated to serve on the Joint Committee to consider and report on the Bill to provide for the better administration of the Sikh *Gurdwaras* in the Delhi Province and their properties wheresoever situate

- (1) The Honourable Mr Jogendra Nath Mandal,
- (2) Sirdar Jogendra Singh,
- (3) Sardar Surjit Singh Majithia,
- (4) Sardar Bahadur Captain Sardar Harender Singh,
- (5) Syed Ghulam Bhik Nairang,
- (6) Sardar Sampuran Singh, and
- (7) the Mover "

The Honourable Mr. Jogendra Nath Mandal (Law Member) Sir, on behalf of the Government I want to say that Government have no objection to the motion

Mr. President: The question is

"That the following Members of the Legislative Assembly be nominated to serve on the Joint Committee to consider and report on the Bill to provide for the better administration of the Sikh *Gurdwaras* in the Delhi Province and their properties wheresoever situate

- (1) The Honourable Mr Jogendra Nath Mandal,
- (2) Sirdar Jogendra Singh,
- (3) Sardar Surjit Singh Majithia
- (4) Sardar Bahadur Captain Sardar Harender Singh,
- (5) Syed Ghulam Bhik Nairang,
- (6) Sardar Sampuran Singh, and
- (7) the Mover "

The motion was adopted

INDIAN RAILWAYS (AMENDMENT) BILL

Mr. S. Gururwami (Nominated Non-Official) Sir, I beg to move

"That the Bill further to amend the Indian Railways Act, 1890, be referred to a Select Committee consisting of Mr. Muhammad Nauman, Khan Mohammad Yamin Khan, Mr. M. A. F. Hirtzel, Sri M. Ananthasayanam Ayyangar, Shri Satya Narayan Sinha, Pandit Thakur Das Bhargava, Sri Bhagirathi Mahapatra, Mr. N. M. Joshi, Miss Maniben Kara, Sree Satyapriya Banerjee and the Mover, with instructions to report on or before the 31st July, 1947, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five."

The Member for the Railways Board and the Law Member are *ex-officio* Members of the Select Committee and I have not specifically mentioned their names

In making this motion I submit that the Bill is a very important one and will play a large part, if accepted, in maintaining industrial peace on railways. The Indian Railways Act has a Chapter which provides for regulating working hours and weekly periods of rest. The standards laid down in the Indian Railways Act are far below those already recognised by the Central Government for other class of industrial workers, such as, the factory workers. In 1919 when the Washington Hours Convention was drafted and ratified by the Government of India, no distinction was sought to be imposed for railway workers and other class of workers. Since then, for several years Government did not take any legislative action to implement the Washington convention and Geneva weekly rest convention. Subsequently in 1930, they introduced legislation giving them power to regulate working hours and weekly periods of rest for certain classes of workers but there were several exemptions provided under the provisions of the amended Act. In fact until very recently most of the Class I railways, let alone other Railways, did not have even some measure of protection under the Act. Whatever be the past history, in 1945, the Railwaymen's Federation demanded reduction of working hours and a strong agitation which was set on foot forced the attention of the Government of India and they agreed to an adjudicator being appointed to go into the question. Nearly a year has passed and before the end of this month, it is understood the adjudicator's report will be available for the Government. What I wish to submit is this that the question of working hours and regulation of weekly periods of rest are questions of broad policy which need not await the Adjudicator's report. I respectfully submit it cannot be considered to have any bearing in determining the policy. It is purely a question of policy. The railwaymen should not be denied the benefit of reduction in regard to working hours, and weekly periods of rest which the Factory workers have already achieved. I may state in this connection that when the Factories Act provided for 60 hours week, there were already in force regulations providing for 48 hours week in certain workshops. There were also in existence several rosters of duty which provided for 42 hours, 48 hours and 46 hours a week, and it is high time that legislation is introduced and enforced to see that the working hours are reduced in a manner so as not to be behind those accepted for other class of industrial workers. Again certain exceptions are enforced under the present legislation which enables the Government to exclude supervisory staff, running, staff and any class of workers whom they do not want to be included under protection under the present Act. The Bill that I have introduced seeks to remove that power of exemption or exclusion of any category of workers. Secondly it also provides for the abolition of distinction between so-called essentially intermittent workers and continuous workers. Essentially intermittent workers under the present legislation have to work for 84 hours a week and with no regular weekly rest periods. That is unsocial and it is high time that legislature recognises the necessity for granting to essentially intermittent workers periodic rest and also the abolition of the distinction that is made between so-called essentially intermittent workers and the continuous workers. The number of those who are classified essentially intermittent constitutes nearly two lakhs and these are the workers who not only have to work daily long hours but who are also deprived of the benefit of weekly rest day. Not only that, there is no limit in the existing legislation for limitation of daily working hours for any class of railway workers, whether they are continuous workers or essentially intermittent workers and this Bill seeks to provide for a ceiling limit by the day. There is also provision for increasing the rate of overtime on a par with those recognised in certain other undertakings. I do not want to make a long speech for the simple reason that the principles contained in this Bill are fundamental and they

[Mr S Guruswami]

should have been recognised long ago. I am in fact 27 or 28 years behind in undertaking this legislation. In the circumstances I would request the Railway Member to be pleased to accept my Motion for reference to a Select committee.

Mr. President: Motion moved

"That the Bill further to amend the Indian Railways Act, 1890, be referred to a Select Committee consisting of Mr. Muhammad Nauman, Khan Mohammad Yamin Khan, Mr. M. A. F. Hitzel, Sri M. Ananthasayanam Ayyangar, Shri Satva Narayan Sinha, Pandit Thakur Das Bhargava, Sri Bhagwati Mahapatra, Mr. N. M. Joshi, Miss Maniben Kaia, Sree Satyapuri Banerjee, the Honourable the Law Member, the Honourable the Member for Railways and the Mover, with instructions to report on or before the 31st July, 1947, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five."

The Honourable Dr. John Matthai (Member for Railways and Transport)

All I wish to say is that as the Honourable Mover himself has said many of the matters which are covered by this reference are at present under examination by an adjudicator whose award is yet to be published. It is possible also that recommendations which have a bearing on these questions and on connected matters may be included in the report of the Pay Commission which is also yet to be published. My personal feeling therefore is that probably the Select Committee would find its work rendered easier and probably would be placed in a better position to make satisfactory recommendations on these questions of this reference was postponed till the adjudicator's award and the Pay Commission report were published. I am not raising this as an objection and certainly not as a decisive objection. I am only putting forward a suggestion to the Honourable Mover but if he feels that he would like to go forward with this Motion and have it referred to the Select Committee, as far as the Government are concerned, they would not stand in the way.

Mr. President: The position requires to be clarified in one respect. What does the Honourable Member mean by postponement? Does he mean that the Motion need not be pursued at present or that the time for submission of the Select committee report may be extended?

The Honourable Dr. John Matthai: My idea is that this Motion for reference to Select Committee might be made at a later stage.

Mr. N. M. Joshi (Nominated Non-official) Mr. President, if I understand correctly the desire of the Honourable Member it is this, that he does not want the Motion for reference to Select Committee to be passed today. If that is so, I suggest that the House should not accede to his desire and the House should pass this Motion. At the same time, it appears from his speech that although his desire is that the Motion may not be passed today, he is not going to oppose it. I am glad that he at least is not prepared to oppose this Motion, although his own personal view is that the Motion need not be taken up today. I feel that it is high time and perhaps we are too late in bringing forward a Bill of this kind for the reduction of hours of work of Indian railway men. The hours of work of Indian railwaymen have been much longer for a very long time than the hours of work in factories and in mines. Somehow the railway authorities in India seem to be more reactionary than the Labour Department of the Government of India. I do not know why that should be as both the departments are departments of the Government of India. But that is a fact, that while the hours of work in other industries were reduced the hours of work for railwaymen have not been reduced for a very long time. For a very long time the attitude of the Government of India on this question has been very unsatisfactory. A convention was passed in 1919 regarding hours of work under which Indian railways were given certain concessions regarding these hours as compared to other workers. India herself was given a concession as compared to other parts of the world. The Railway Department took a very long

time to give effect to that convention although it was accepted by the Government of India, and when they tried to give effect to it they did it in such slow degrees that even today it has not been given full effect to, although it is now more than 25 years since that convention was passed and agreed to by the Government of India. That is the attitude of our railway authorities and the legislature should not sanction this attitude. It is high time that the hours of work are reduced for railwaymen not only in the interest of the railwaymen themselves but in the interest of the travelling public. There are countries where in the interest of the safety of the travelling public the hours of work for railwaymen are restricted, but that does not find a place in our legislation. So I feel that in the interest of railwaymen as well as of the travelling public the hours of work should be restricted and reduced to a degree not less than what is proposed in this Bill. I also appeal to the Railway Member to give up his attitude of benevolent neutrality and to adopt an attitude of sympathetic support to the motion.

I will make one suggestion in this connection. I suggest that the Select Committee should meet very early so that if the next session starts sometime before the 31st July the report may be presented on the first day the Assembly meets and it may become law during the session if approved by the other House. Sir, I support the motion and I hope the House will accept it.

Sri M. Ananthasayanam Ayyangar (Madras Ceded Districts and Chittoor. Non-Muhanmadan Rural). Sir, as early as 1919 the Washington Convention laid down that the hours of work should be reduced and that was followed up by the Geneva Convention in 1922 or 1923. Both these conventions were accepted by the Government of India but as yet no action has been taken in accordance with those conventions. In 1929 a Bill was introduced, the Railway Act was amended so as to empower the Governor General in Council to frame rules regarding the hours of work and the period of rest for railway servants. Even then by an Act the hours of work were not limited. Now by this Bill an amendment is sought to be made so as to apply the provisions of this Act not only to intermittent but to other workers also. I think this measure has been long overdue. I was expecting that the Adjudicator would send in his award a long time ago just as we members of the Standing Finance Committee expected that the Pay Commission would send in their recommendations quite early. The Pay Commission have apparently sent in some few recommendations which Government are considering. But this matter regarding the hours of work and other conditions of service have been referred not to the Pay Commission but to the Adjudicator whose award has not yet been received. This motion for reference to Select Committee does not stand in the way of the Adjudicator's award being obtained by Government. I would ask the Railway Member not to ask that this motion should be dropped for the present. On the other hand it may be so amended as to extend the period of submission of the report till the next session, so that in the interval the adjudicator's award may be received and action may be suggested on the lines of that award. I feel that even if this motion is not made today Government have to make a similar motion or introduce a Bill to amend the Railways Act. So this Bill of Mr. Guruswami may be taken advantage of, and I would suggest that the period of submission of the report of the Select Committee may be extended by two or three months so that it may be presented at the next session. May I know when my Honourable friend the Railway Member expects to get the Adjudicator's award?

The Honourable Dr. John Matthai: It is difficult for me to say at this stage because I have received no definite information yet as to the possible date when the award may be expected and I do not like to commit myself to any date. But if I may say so, I think it is a good suggestion that my Honourable friend Mr. Ayyangar has made that in case the Honourable Member wishes to have

[Dr. John Matthai]

this reference made to the Select Committee straightaway it would be better from the point of view of everybody concerned if there was a slight extension of the time indicated for the presentation of the report

Sri M. Ananthasayanam Ayyangar: I therefore suggest that the time may be extended till the 25th August or the last week of August if that is acceptable to my Honourable friend

An Honourable Member: Make it the first day of the next session

Sri M. Ananthasayanam Ayyangar: If by that time we do not receive the Adjudicator's award and Government have no time to consider them and place their own proposals before the House, we can come to the Assembly and ask for further time if necessary. I therefore suggest that instead of 31st July the work of the Committee may be finished by the first day of the next session

Mr N. M. Joshi: Sir, although the motion contains the words "31st July" it really means the first day of the next session if the session starts after that date, because if no session is held the report cannot be presented before the 31st July

Sri M. Ananthasayanam Ayyangar: The difficulty is that if the Adjudicator's award is not there and we are not able to come to any conclusion before the 31st July, will the Committee have jurisdiction to sit after that date in case the session is held late in August?

Mr. N. M. Joshi: I think there is absolutely no risk of the Adjudicator's award being delayed longer than April or May, and there is no fear of its not being ready in July

Sri M. Ananthasayanam Ayyangar: We need not stick to the 31st July, we can make it the first day of the next session

Mr. N. M. Joshi: To that we do not object because the report cannot be presented before that date

Mr. President: The session may be earlier than the 31st July or later. That will be making the position uncertain, but I may point out that the wording of the motion is that the report is to be presented "on or before" the 31st July. So even if the date is extended it is competent for the Committee to submit the report earlier if the House meets earlier. If the extension is therefore permitted I do not see any harm in it. But that is my personal view

Mr. N. M. Joshi: If the report could be submitted on the 1st day of the Session, that would avoid delay

The Honourable Dr. John Matthai: With reference to the remark made by my Honourable friend, Mr Joshi, regarding the possibility of delay in the publication of this report, I want to make Government's position absolutely clear in the matter that we shall make every effort to expedite the publication of the Adjudicator's Award and when it is published all the necessary materials connected with it will be placed before the Select Committee at the earliest possible date

Sri M. Ananthasayanam Ayyangar: I move therefore, with your permission, that the date for the presentation of the report may be changed from the 31st of July 1947, to the 1st day of the next Session of the Assembly

Mr. President: That will be very uncertain and indefinite. Let a specific date be put

Sri M. Ananthasayanam Ayyangar: Very well, Sir. Let it be 31st of August. As it will be 'on or before the 31st August 1947' the report can be presented earlier if the Session is held before that date. Sir, I move

"That in place of the date '31st July 1947', '31st August, 1947,' be substituted "

I do agree with my Honourable friend that the workers in the Railways must be paid well, they must be given sufficient rest and proper work must be taken. There is emphasis regarding the lessening of the hours of work and also paying larger amounts by way of wages by my three Honourable friends who are sitting on my right—Mr. Joshi, Mr. Guruswami and our Honourable Lady friend Miss Mamben Kara—but no one tries to emphasise that the workers should at least retain 50 per cent to the railway administration in return for all the amenities provided for them and for the reduction of hours of work and higher wages. I find on very reliable information that people are working halfheartedly on repairs to engines which are sent to the workshops with the result that repairs are not carried out in time. Workers do not show much enthusiasm. If this Bill is passed and the Pay Commission gives them higher wages, then I am sure these people will have greater incentive to work much better, but my Honourable friends—the accredited leaders of labour—must also go to them and tell them that they should do their bit. We always compare the hours work and conditions of labour as they are prevailing in England, America and other advanced countries, but we do not ask our workers to put forward at least 1/3rd of the amount of work that a European worker does. We are told that the European worker does his duty properly whereas our people make every kind of excuse to get out of work. Of course they come to their work in time and get out at 5, but they are inclined to waste time. They go on strike somewhere or other or they sit down and don't do their work properly. Certainly all of us agree that the hours of work should be lessened and their pay and wages should also be increased, and if that is done it will be our duty to see that proper work is turned out by the labourers.

Mr. President: Amendment moved.

"That in place of the date '31st July 1947', '31st August, 1947,' be substituted "

Mr. S. Guruswami: With regard to the date, my difficulty is this. I have had personal discussions with the Adjudicator and he told me that he expected to submit his report before the end of this month. Keeping that in view I fixed the date as 31st of July 1947 so that there will be three months for the Select Committee to consider the Award and present their report. There is no reason to extend the date, but if the Honourable Member can give us an assurance that he would take steps to expedite the work and finish it even earlier than this date, I would have no objection to accepting this amendment.

The Honourable Dr. John Matthai: That is so.

Mr. President: The question is

"That in place of the date '31st July 1947', '31st August, 1947,' be substituted "

The motion was adopted.

Mr. President: Now I will put the amended motion. The question is

"That the Bill further to amend the Indian Railways Act, 1890, be referred to a Select Committee consisting of Mr. Muhammad Nauman, Khan Mohammad Yamin Khan, M. M. A. F. Hirtzel, Sri M. Ananthasayanam Ayyangar, Sri Satya Narayan Sinha, Panthakur Das Bhargava, Sri Bhagirathi Mahapatra, Mr. N. M. Joshi, Miss Mamben Kara, Sri Satyapriya Ranajee, the Honourable the Law Member, the Honourable the Member for Railways and the Mover, with instructions to report on or before the 31st July 1947 and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five."

The motion was adopted.

CHILD MARRIAGE RESTRAINT (AMENDMENT) BILL

Pundit Thakur Das Bhargava (Ambala Division. Non-Muhammadian) Sir, I beg to move

"That the Bill further to amend the Child Marriage Restraint Act, 1929, be referred to a Select Committee consisting of Chaudhury Sri Chand, Lala Deshbandhu Gupta, Dr G V. Deshmukh, Mr Sasanka Sekhar Sanyal, Sri Bhagirathi Mahapatra, Sri R Venkatasubba Reddiah, Khwaja Nazmuddin, Khan Muhammad Yamin Khan, Syed Ghulam Bhik Nairang, Capt G T B Harvey, and the Mover, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five "

Sir, I have great pain in making this motion before you because I feel that in a matter of such importance as goes to the root of our national prosperity and the physical welfare of the human material, there is gnawing of the worm of the custom of child marriage which ceaseth not and is veritably eating into the very vitals of the nation.

The enormity of the evil is not fully realized and it is therefore that we did not have a similar motion earlier in this House in regard to such a measure. Those who observe things with their eyes open in the country, who move among the backward classes, who have, something to do with the depressed classes and move about the villages, realize the effect of child marriage, and I think that most of the Members of this House will bear me out that the evil is so great that it should have been remedied long before and not allowed to continue.

In 1924 the first Bill about Child Marriage was thought about. Sanction was sought and given but it was not availed of. On the 1st February 1927, Mr H Sarda brought in a Bill in respect of Hindu Marriages known as the Hindu Child Marriage Bill. The bill was referred to a Select Committee, and the Committee reported that it should be a general Bill and should not be confined to Hindus alone. I remember the thrilling speeches of Pandit Madan Mohan Malaviya and Mr Jinnah in the House and those of us who were then in the House, must have realized how the House was moved and ultimately the face of the Bill was changed and it was made applicable to the whole of India. It was republished and then again referred to a Select Committee. The Bill was before the House when a Committee was appointed (by the Government) known as the Age of Consent Committee. There was another Bill regarding the Age of Consent brought by Dr Gaur and that Bill and the Bill relating to Child Marriage Restraint Act were both in a manner given over to the Age of Consent Committee to investigate. The reference was only in respect of the Age of Consent but incidentally the question of the restraint of child marriages did arise. The Age of Consent Committee consisted, of Sir Maropant Joshi, the Chairman, and nine other Members, four of whom belonged to this House. The Congress Party, the Independent Party and the other Parties in the House sent their representatives to this Committee and they submitted a unanimous report to the Government. While these Bills were on, the report of the Committee was submitted to the Government and it was on the basis of the information contained in that report that the hands of the House were strengthened and the House succeeded in passing the Bill known as the Child Marriage Restraint Act of 1929. The provisions of this Bill in regard to punishment were, I should say, very lenient. As a matter of fact, the truth is this that the Government of that day was not alive to national interests. It only appointed a Committee. It supported the Bill but it was not keen that the provisions of the Bill should be worked out in the right spirit. Many amendments were moved, some of them by me, I was also a member of the Age of Consent Committee, and we devoted a good length of time about ten months, when all the twenty-four hours we were thinking of this evil

and the remedies to remove it. I stated in the House that the Government was not serious in the matter. It only wanted to save its face. It brought the Bill in, got it passed, and did not take any further steps so far as the promulgation of this Act and the removal of the evil were concerned. In those days it was considered that the passage of the Bill would electrify the atmosphere of the country and there would be a great change, and the Committee recommended that the punishment to be provided for infraction of the main provisions of the Sarda Bill would be simple imprisonment for a month or fine, and in respect of certain other intractable fine only. We then thought that as the Bill was new and the country was far behind the times, and the conscience of the community had not been fully awakened, the Bill as it then existed was sufficient to meet the case. But after these 18 years, after seeing what the effect of this Act was in the country, I am distinctly of the opinion and I believe that the majority of the Members of this House will agree with me that this Bill is practically a dead measure so far as the backward communities and the rural areas are concerned. I admit there has been some change and the rise in the marriageable age in certain communities and in urban areas, the reasons being very many others and this Act may also have contributed towards the rise in age. But so far as the backward areas are concerned, so far as the rural areas, and the depressed classes are concerned, the marriages among them go on as merrily as before. In rich families where they want to have a marriage which is prohibited by the Sarda Act, if there is a conviction then a sum of Rs 50 to Rs 100 is added to the expenses of the marriage.

The Government did not do anything in the matter. On the contrary, in the first year of the enactment of this provision, the local Government sent circulars to District Magistrates in regard to the infractions of the Sarda Act to the effect that the punishment of imprisonment should not be awarded except in flagrant cases. The truth of the matter is that many people do not realise what the real and extensive evil effects of child marriage are. It is not only that the Members of the Legislature do not fully realise them, nay in the country the very big people, including our biggest leaders did not realise the situation, and every person who does not go about and find out the real facts, cannot fully realize the evil consequences of child marriage. Before this Bill was enacted, before the report of the Age of Consent Committee was submitted to the Government, Pandit Mota Lal and Mr M. A. Jinnah themselves did not know how extensive the evil was. When they read the report they were converted to the view that the enactment of such a measure was a first necessity. With your permission I will just read out what Mr Jinnah said at the time.

The motion before the House was that the consideration of the Bill be postponed. Mr Lahiri (Chaudhury) is not in the House just now. It was his motion. Mr Jinnah said:

"Sir, the first and foremost question that I put to myself as a Member of this Legislature is whether child marriage is an evil in this country or not, is a crying evil or not? Is it human that thousands and millions of girls should be married at a very tender age which must sap their womanhood? Sir, I do not think, whatever may be the controversy on this point, on the plea of humanity, that there is a single Member in this House who can contemplate with equanimity and would not deplore and condemn the grave evil and the inhuman practices which are daily taking place in this country. Is it or is it not a fact? Sir, I entirely agree with my friend Mr Shah Nawaz."

Mr Shah Nawaz was one of the members of the Committee and he spoke in favour of the Bill.

Similarly Pandit Motilal Nehru expressed himself while speaking on the Bill. As a matter of fact he himself did not know that the evil was so extensive as was found by the Committee. He said that he was amused at the Bill of Mr Sarda and thought that Mr Sarda was seeking cheap

[Pandit Thakur Das Bhargava]

not meet when he brought in this Bill but after seeing the report of the Committee he was convinced that the evil was very extensive.

I do not want to go into the evidence that was produced before the committee to prove that the evil was very extensive at that time. Sir, if you would kindly look at page 95 of the report you will come to the same conclusion, and I need not press too much the point of the enormity of the evil. On page 219 the figures are given and according to those figures 50 per cent of the girls were according to the Census of 1921 married before they completed their 15th year. Under the age of five years in 1920 there were 2,18,463 girls who were married. I have since seen the figures of 1931 Census and you will be astonished to know that the figures now stand as follows:

Age 0 to 1—44,082 girls were married and there were 1,515 widows at the age of 1 in addition.

Age 1 to 2—63,954 girls were married and there were 1,785 widows in addition.

Taking total age from the age of 0 to 5 there were 8,01,852 girls married and 30,880 were widows in addition. Unfortunately I have not got the statistics for 1941, as in the census of 1941 these tables about the civil condition of the population are not given. I am sorry therefore that I cannot supply the figures for 1941 to the House. But it will appear that as stated in paragraph 221 of the report of the Committee the percentage of girls who were married and were below 15 at the time of census of 1921 was 42.2 per cent and roughly 50 per cent. This report was published in 1929 and I have calculated the figures for 1931 and it would appear that the difference between 1921 and 1931 is not much. After all, as mentioned in paragraph 221 of the report, it is a matter of conjecture, as the figures in the census report are not very exact. It was found that at least 50 per cent of the girls were married before the age of 15. After making some calculations I have come to the conclusion that in 1931 the difference was not very great; it might have been a difference of 3 to 5 per cent. Within those ten years the rise in age is not appreciable. If you look at the figures of 1901 and 1911 you will be driven to the conclusion that the belief of those who believe in social reform is a pure myth. It has been proved that in some cases, for instance in the Karnal district in Ambala Division there were more married girls in 1911 than there were in 1901, after giving due allowance to the increase in population. Therefore I submit that so far as the question of social reform is concerned I think the social reformers are absolutely impotent to meet this evil. The first social reform meeting took place in 1830 and up till to date, during the last 118 years, social reformers have not succeeded. I am sure that unless and until the House takes courage in both hands and unmindful of public agitation passes the necessary measures, the House will not be doing justice to the people who look to it for guidance and support. My submission is that this is a very urgent matter. The urgency may not be realised today but it will be realised by those who come after us and they will curse us for our inactivity. The Honourable the Finance Member talked of social justice. There may be social justice in economic matters but in social matters to bring about social justice you have to protect the child from those who do not realise its interest, who out of ignorance, custom, and superstitious belief in the Scriptures do not see the evils they bring about through child marriage. Sir, you have heard complaints from Mr. Ananthasayanam Ayyangar that our labourers do not work well. The labourers are the children of child mothers, who were married at the age of 5 or 10. Have they got the spine to compete with those who live in Europe and whose marriages take place late? As a matter of fact this evil is so corroding, and so soul-killing that if any person does not realise the enormity

of the evil I cannot help him to realise it. My difficulty is this. Those who live in the cities realise that there is a general rise in the age, though the rise may be limited to their own communities. The matter of fact is that speaking of backward communities and classes, there is no rise in the age. I have got a *syce* with me who has got 7 or 8 children. The youngest daughter which is in the arms of its mother has been married and above that there is a girl of four who has also been married. (Interruption by Mr. Krishna Chandra Shama) If we had influence of the right sort over these people and we would have been doing our duty this would have become a thing of the past. I do not think we have been doing our duty. We have only been doing something about political swaraj. What is the meaning of political swaraj without getting social swaraj. If you want to do your duty towards your daughters and sisters, you must concede that it is their right that they should be saved from the harm which is incident to child marriage.

Sir, may I just refer you to section 87 of the Indian Penal Code, and you will see that it provides that no person can deal injury to any person below the age of 18 even with his consent. But what happens in child marriage? The child wife has to pass her days in great misery. If maternity occurs at the age of 14 or 15 the child born of such a mother is undeveloped, puny, and grovels in life. And the child mother also after sometime passes away from this world in great misery. May I in this connection refer you, Sir, to page 102 of the report, where the system of *Sati* is compared to the system of child marriage and where the Committee state

"Let us compare the case of *Sati* which was prevented by legislation with the case of early maternity. *Satis* were few and far between. They compelled attention by the enormity of the evil in individual cases by the intense agony of the burning widow and the terrible shock they gave to human feelings. After all they were cases only of individual suffering. The agony ended with the martyr and the incident had some compensation in the martyr being almost defied as an ideal Hindu "*Pativrata*". In the case of maternity, however, the evil is widespread and affects such a large number of women both amongst Hindus and Muslims as to necessitate redress. It is so extensive as to affect the whole frame work of society. After going through the ordeal if a woman survives to the age of 30 she is in many cases an old woman, almost a shadow of her former self. Her life is a long and lingering misery and she is a sacrifice at the altar of custom. The evil is so insidious in all the manifold aspects of social life that people have ceased to think of its shocking effects on the entire social fabric. In the case of *Sati*, the utter hideousness of the incident shocked the conscience, in this case the familiarity of the evil blinds us to its ghastly results. If legislation was justified for preventing *sati*, there is ample justification for legislation to prevent early maternity, both on the grounds of humanity and in furtherance of social justice."

I am sorry that I had had to read such a long thing before the House. I did not mean to do it but the idea was expressed in such clear language that I could not resist the temptation of reading it.

As I was submitting, what is the real point of truth which I want to remove? I have got another Bill setting forth this evil which is to be referred to Select Committee today. The real trouble is, I am ashamed,

I P M to say, that the evil of pre-puberty consummations is prevalent in some parts of India. Before I was appointed to this Committee I never believed that anything like this could exist in our country. But after hearing all the evidence and roaming all over the country I came to understand it and I and the other Members of the Committee were fired with fervour to see that this Bill is passed and steps are taken by the Government to see that this evil is checked. No inhabitant of Bengal is likely to admit that among Hindus, and Mussalmans as well, pre-puberty consummation is extensive. I know they simply will deny it. But we have got evidence of a very reliable character and any person who wants to examine the facts can examine the material published by the Government.

Even now a very large number of people who are married at the age of, say, 1 to 10 or 1 to 14 have pre-puberty consummations so much so that in

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Bengal even the age of menstruation has lessened comparatively. In Bengal the girls menstruate at the age of 8, 9 and 10, in the rest of India they don't menstruate so early - I maintain it is on account of child marriage.

I was referring in this connection to the findings of the Age of Consent Committee. At page 76 of their Report they say

'The evidence leaves no doubt that the evil of early consummation is very widely prevalent in the Province and among large classes who are following it according to custom and tradition and that the predominance of public opinion, both Hindu and Muslim, is distinctly in favour of an advance by a Law of Marriage and an increase in the age of Consent.'

Similarly on page 67 they say

'The evidence before the Committee confirms the inference which may be drawn from the census figures. It is admitted on all hands that the practice of early marriage is widely prevalent throughout Bengal. Witnesses may praise or condemn the system and may refer to the advantages or disadvantages accruing from it, but the fundamental fact is undeniable, nor is it questioned, that early consummation almost inevitably follows early marriage amongst both Hindus and Muslims.'

Leaving this question of pre-puberty consummation aside—post-puberty-consummation immediately after puberty is almost universal in the country. As soon as a girl is married she goes to her husband, and before three years after puberty are complete before she attains the age of 15 or 16, she cohabits with her husband. These are the two evils which are eating into the vitals of society. Number one is pre-puberty consummation—and the 2nd is early consummation after puberty. According to medical evidence which is irrefragable and which cannot be challenged, sixteen is the proper age for maternity and fifteen the least age when cohabitation should be allowed. Before this age if cohabitation is allowed I must submit that it is always detrimental to the girl and detrimental to the progeny.

If we have to meet this evil—and the evil is undeniable and any person challenging it has only to see the Report of the Age of Consent Committee to be convinced—the only remedy which I can conceive of is a proper administration of this Marriage Law. It is very difficult to secure convictions under Section 375 of the Indian Penal Code. All that we can do is that we must insist that the marriages do not take place before the prescribed age. If that is secured, if no marriage takes place before 14, then one year will be taken ordinarily in the *Gona* ceremony and other things so that before the age of 15 the girl will not go to her husband and before 16 there will be no chances of maternity.

I do not want to go into the causes of infantile mortality on account of early consummation. The infantile mortality is very high in India and at the same time in the case of mothers it has its evil effects. Members of the House who are so minded can read the Report. I would very respectfully urge all of them that they have only to read this book to be convinced that there is a very good case for taking action in this matter. I am convinced that if this Act is not amended in the manner in which I am suggesting it should be amended, this evil cannot be rectified. Nobody brings up any case at present. If you will kindly see the figures of these cases you will be convinced that there are very few cases in courts, and in some cases when there is an enemy who wants to harass the party in that case alone a case is brought. When the Bill was on I proposed an amendment and wanted to put upon the Government the responsibility of working this law and seeing that an officer is appointed who will be charged with the duty of bringing such cases to the court. But the Government did not accept the amendment.

So far as this Act is concerned the amendment might be made in Sections 3, 4, 5 and 6 of the Act. At present a boy of the age of eighteen is liable under the law if he marries a girl of less than 14 years and he can be given a punishment of Rs. 1,000 fine. It so happens that boys of eighteen are not

so fond of marriage, but behind the purdah it is the parents who force their will and order the boy to get married and he is helpless. He cannot say anything and withstand the parents. After all, if there is a fine of Rs. 1,000 the parents will pay it. I want that the court may be invested with powers of sending a boy like him to 15 days imprisonment. It is not obligatory that the court should do so. But the boy can say very well to his parents 'I will be imprisoned, not you.' I submit, Sir, that this provision may be amended and the courts may be given the power of sending a man in that position to imprisonment also. According to the provisions of the Indian Penal Code, a boy or a child under 7 is not liable, after 12 he is liable in law, and at the age of 18, especially if he is a college student or is in another walk of life he fully realises the implications of the offence. There is no reason that we should not be able to just help him in this matter if he wants to resist.

In regard to the provisions of clauses 3, 4 and 5 the amendment in the Bill seeks that the court be not given any discretion in the matter but in every case of inmingement of the provisions of the Sarda Act the court will be forced to give the sentence of imprisonment which may extend not only to one month but to three months. This is the amendment I want to propose. If the people have a fear and if it goes about in the villages and all around that this Act has been amended and offenders will be imprisoned, it will have a salutary effect on the parents of both the parties and the Brahman and the Qazi. This can give happiness to no one that people who solemnize marriages in their houses and who want to be jubilant on such occasions should be brought to courts. That is not my purpose. I myself realise that this will be hard to a certain extent but I feel that it is only a penal provision which can have the effect of checking such a corrosive evil as child marriage. We have failed in persuading them. This is the only way in which we can see that they are compelled not to marry a boy below the age of 18 and a girl below the age of 14. I know that advanced opinion in the country thinks that 14 is not a proper age but I have not touched the age purposely. I only want that in the matter of punishment the provisions should be changed. The House has already passed this Bill. I want that the House may amend it in such a manner that this Act may be effective. What is the use of having a measure which will only add Rs. 50 to the expenses of marriage and bring the legislature into contempt, which passes a measure which is imperative and at which people can laugh. I submit, if I may say so, that all the measures taken together which we have passed this session will not be half so effective as this measure in the attainment of social swamy and in improving the health and physique of the people. I therefore move that this Bill be sent to the Select Committee so that it may make its report by the next session when we may be able to pass this Bill.

Mr. President: Motion moved

"That the Bill further to amend the Child Marriage Restraint Act, 1929, be referred to a Select Committee consisting of Chaudhury Sri Chand, Lala Deshbandhu Gupta, Dr. G. V. Deshmukh, Mr. Sasanka Sekhar Sanyal, Sri Bhagirathi Mahapatra, Sri R. Venkatasubba Reddair Khwaja Na'imuddin, Khan Muhammad Yamin Khan, Syed Ghulam Bhik Nairang, Capt. G. T. B. Harvey and the Mover, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five."

Sri M. Ananthasayanam Ayyangar (Madras Ceded Districts and Chittoor Non-Muhammadian Rural) May I suggest that the name of Mrs. Swaminadhan be added to the list of members?

Mr. President: Amendment moved

"That the name of Mrs. Ammu Swaminadhan be added to the list of members of the Select Committee."

The Assembly then adjourned for Lunch till Half Past Two of the Clock.

The Assembly re-assembled after Lunch at Half Past Two of the Clock, Mr President (The Honourable Mr G V Mavalankar) in the Chair

Mr. P. B. Gole (Berar Non-Muhammadian) Mr President, Sir, I move :

"That the Bill be circulated for the purpose of eliciting opinion thereon by the 31st August, 1947 "

I have read the Bill and also the Statement of Objects and Reasons I have also heard with attention the speech of my Honourable friend Pundit Thakur Das Bhargava I must confess that I am not convinced by the arguments advanced for bringing in this Bill at this stage It is a well-known fact that Pundit Thakur Das Bhargava was one of the Members of the Select Committee when the Child Marriage Restraint Act was passed I have read his minute of dissent which he wrote at the time and I find that he was not so very anxious to make it as penal as he is anxious to make it penal today It is really surprising why my Honourable friend Pandit Thakur Das Bhargava is led to make this enactment more penal It may be conceded on all hands that on account of the provincial autonomy the laws regarding marriage are in the concurrent list, so that the provinces also have the right to make their own laws regarding marriages If that is so, we ought to know what is the opinion of the provinces regarding this measure Of course, the Central Legislature is not, as the law stands at present, prevented from enacting measures and you know, Sir, that during the last year and a half some measures affecting marriages have been passed through But this is a measure which does not really affect the objects for which the Child Marriage Act was passed It only makes the punishment more severe It requires that the parent who contracts a child marriage of his minor son or daughter, the minor boy who contracts his marriage and the priest who officiates at the marriage should all be punished with imprisonment and fine So, my friend wants that an occasion for joy should be turned into an occasion for going to jail, and all these persons—the husband, the wife, the parents and the official priest and perhaps the other guardians who may have assembled at the marriage—as soon as they celebrate or solemnise the marriage should be locked into jail I do not think that that should be the law at all The reason is that it is quite likely that sometimes a child marriage may take place, child marriage in the sense that the girl may require one month to complete her 14th year and the boy may require a month or so to complete his 18th year Now, such a couple being suitable, the marriage is performed, and for the performance of this marriage because they have not completed the statutory age, the boy and the girl, the parents as well as the officiating priest should all be locked up in the jail That is what it amounts to My Honourable friend Pundit Thakur Das Bhargava has referred to child marriages, which were contracted between children of one or two or four years of age and he referred also to certain passages from the Inquiry Committee which was constituted by the past Government under the chairmanship of Sir Moropant Joshi

Now, Sir, much water has flown under the bridge since that time and I was very anxious to know what has happened during the last 17 years since the Bill was passed I may give you an incident which happened when this Child Marriage Restraint Act came into force on 1st April 1931 I know from my locality, ignorant people from the rural areas contracted marriages of their little children, so much so that there were record marriages of children in that year. But since that time, I am not aware of what is happening in other provinces, but in C P and Berar there are no child marriages in the sense in which my Honourable friend wants us to believe I mean to say there are now no child marriages between the ages of 4 to 8 It is quite likely that sometimes marriages between the ages of 13 to 17 or before the completion of the statutory period take place But that is also regarded as an offence Am I to understand from the speech of my Honourable friend that where such marriages take place, there should be compulsory imprisonment I do not really understand why this should be so What is going to happen if one month earlier than the

statutory period marriage takes place. You know that in England the marriageable age for a girl is 12, whereas in India the marriageable age for a girl is 14.

Mr. Geoffrey W. Tyson (Bengal European) No, it is 16.

Mr. P. B. Gole: I am not giving my own opinion. Here it is recorded in the Minute of Dissent of Pandit Madan Mohan Malaviya when the Child Marriage Restraint Bill was on the anvil. He says

"In view of the fact that marriage is a religious sacrament among Hindus, in view of the belief which has prevailed on the question of the age for marriage among them for a very long time, to make the marriage above age of 12 and below the age of 14 punishable by law will be a violent interference with Hindu religion which I consider it my duty strongly to oppose. We must not forget that even in England the legal marriageable age for girls is 12 years."

Pundit Thakur Das Bhargava: What is the law in New South Wales?

Mr. P. B. Gole: I am not conversant with law in other places. What is the state of things in England? There the marriageable age for girls seems to be 12. Whether they get married at that age or not is a different matter. Among Hindus, marriage is one thing and consummation is entirely different. You must not confuse the two. For consummation a separate ceremony takes place. Consummation takes place only after puberty. Whatever be the date of marriage consummation never takes place before the attainment of puberty. But whatever that may be, it is neither here nor there. Now, the law is in force that you cannot marry a girl before 14 nor a boy before he completes the age of 18. We accept the law as it is. I have no quarrel with it today. I do not understand why Pundit Thakur Das Bhargava is now asking for deterrent punishment for performance of child marriage. The breach, if at all would be a technical breach. I want to know what is the reason. I do not know about the state of things in the Punjab. From the records I have not been able to find whether in the Punjab marriages take place between boys and girls below the statutory period. What are the magistrates doing there? What are the relations of boys and girls doing there? So far as C. P. and Berar are concerned, barring of course some rural areas, where we do not know what takes place, no marriages take place below the ages of 14 and 18 for girls and boys respectively. If the state of things in the Punjab is different then it is up to my Honourable friend to have legislation passed in the Punjab legislature. Here we are not supposed to have recourse to such legislation. Let us examine this a little. I will take up clause 5. Here it is said, for the word 'one month' the words 'three months' be substituted, and for the words 'or with fine' the words 'and shall also be liable to fine' be substituted. If you refer to section 6 of the Child Marriage Restraint Act, the provisions are very stringent. It says

"Where a minor contracts a child marriage, any person having charge of the minor whether as parent or guardian or in any other capacity lawfully or unlawfully, who does any act to promote the marriage or permits it being solemnised or negligently fails to prevent the marriage from being solemnised shall be punishable with simple imprisonment which may extend to one month or with fine which may extend to one thousand rupees or with both, provided that no woman shall be punishable with imprisonment. Further for the purpose of this section it shall be presumed unless and until the contrary is proved that where a minor has contracted a child marriage, the person having charge of such a minor has negligently failed to prevent the marriage from being solemnised."

You will see that this section is so stringent that a presumption is drawn. I will give you an example. Suppose a boy aged 17 or 18 elopes with a girl of 14 or 15 years of age and gets himself married to the girl outside. I know certain cases of such marriages. Now it will be presumed that the parents, because the bride and bridegroom are minors in the eye of law failed to prevent the solemnisation of such marriage and the parents are liable to punishment unless they prove to the contrary. The parents have failed to prevent the solemnisation of marriage and so they should be punished. In addition to this presumption of guilt my friend wants that the father should not only be fined but should be sent to jail for three months. It is very strange. If a boy is over 16, then according to Hindu *shastras*, he is considered a major and the

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father has no control over him. So according to Hindu law a boy becomes major in his 16th year. Therefore if a boy of 17 elopes with a girl of 13 or 15 and marries her, he being a minor the father will be punished. It should be presumed that the father failed to prevent this marriage. But not satisfied with this stringent measure my Honourable friend Pandit Bhargava wants the father to be locked up in jail. I see no justification for this. I am surprised that my Honourable friend should want to make the law more penal and more deterrent. In his own minute of dissent on that Bill he stated thus

"I think that the provisions relating to the throwing of the burden of proving want of knowledge on the person who officiates at the marriage is not justifiable. This burden should always be on the prosecution. I am also not in agreement with the provision that the parent or guardian should prove that he did not fail negligently to prevent child marriage of his son or daughter or ward."

At that time my Honourable friend was not even willing to incorporate sub-section (2) of section 6, he did not want a presumption to be drawn against parents. I am surprised that today he wants parents to be penalised for failing to prevent the marriage of a minor. Why has my friend changed his views now? While he was speaking I tried to find out whether he could quote any instances which led him to change his views so as to make the law more deterrent. But I did not find even one case quoted by him where a boy went without the father's permission and got married, on account of which negligence should be attributed to the father. I do not know why he wants the father to be imprisoned for three months.

So far as the amendment of sections 4 and 5 are concerned, my Honourable friend wants that the girl and boy who are married, perhaps without any fault on their part, should also remain in jail and not escape with a fine. I do not know whether my friend will allow the marriage festivities to be finished before he sends them to jail. This is really unnecessary because our society has not deteriorated so much since the passing of the Act. This seems to be due to a strange enthusiasm for social reform. I know that whenever a social reformer gets up and says that women's rights are in danger, my Honourable friend Mrs Swaminadhan will get up and say that their rights are really in danger and so the law should be passed. But we must dispassionately consider whether it is absolutely necessary to enact such legislation. My Honourable friend gave certain cases from the Punjab and specially from the Ambala district from which he comes. Such instances do not happen in other provinces. Of course there may be rich people who do this and can afford to pay a fine of a thousand rupees, but among the poor and middle classes and the rural population the law is strictly obeyed. Before the 1st April 1931 when the Act came into force child marriages surely took place in my province, but after that no case has come to my knowledge of a deliberate breach of this law. And cases of marriages taking place among children of 4 and 5 have certainly never happened. Therefore society has very much advanced and so we must know what the public opinion is about this and it would be risky for us to refer this to Select Committee and legislate forthwith. I therefore move for circulation of this Bill.

Another point is this. Pandit Bhargava referred to the ignorance of the people to their religious sentiments and the customs that prevail among certain classes of society on account of which people sometimes celebrate child marriages. I have only to say that after all customs are there and according to the Sanskrit verse they prevail even over law. Therefore sometimes these customs may be observed, but for that I do not think people should be punished in the way that my Honourable friend wants. As regards ignorance, although everybody is supposed to know the law still I am not in favour of punishing ignorant men. Punishment is proper only where there is a deliberate breach of the law, otherwise I feel that no deterrent punishment is called for. Therefore the reasons given by my Honourable friend for making the law more stringent do not appear to me to be valid.

My Honourable friend quoted certain passages from the evidence given before the Committee in 1927-28 'What has happened after that? Am I to understand that society has not advanced? Is there anything to show that in the rural areas ignorant people do these things in spite of this law? If child marriages are increasing what are the guardians of law doing? If they do not administer the law properly it is the fault of these administrators and not of society. But I at least have not heard of any such cases. Still in view of the fact that we do not know what is happening in the provinces and we also want to know the effect of the Child Marriage Act and whether it has acted as a deterrent I submit that we should ascertain the views of the public, otherwise it will not be proper to proceed with this Bill. I therefore move for its circulation.'

Mr. President: Amendment moved.

"That the Bill be circulated for the purpose of eliciting opinion thereon by the 31st August, 1947."

Shrimati Ammu Swaminadhan (Madras City Non-Muhammadan Urban) Sir, When I saw that the Honourable Member Mr. Bhargava was going to ask for leave to introduce this Bill I had not thought of speaking on this subject at all. I did not think there was the least bit of necessity to speak on this question today, but after hearing the arguments put forward against this Bill by my Honourable friend Mr. Gole I am afraid I must say a few words.

I do not pretend to understand the arguments that have been put forward by him and I do not understand at all why he is opposing this measure which has been suggested by my Honourable friend, Mr. Bhargava. Surely we had accepted the principle of Child Marriage Restraint Act long ago and

3 P.M. Mr. Bhargava was only trying to amend it so as to make the law a little more strict than it is now. In several places, especially in rural areas, in this country I have heard it said that this law has been more or less a dead letter. All the same I do say that it has done a great deal of good in the country and it has stopped a great many child marriages.

One of the points that was put forward by Mr. Gole was that in case there was only one month more for the boy to become fully 18 years old and one month more for the girl to become 14 years old where was the necessity of punishing them if they get married just one month earlier.

Mr. P. B. Gole: With imprisonment.

Shrimati Ammu Swaminadhan: Yes, with imprisonment, or whatever other punishment is provided in the Bill. But surely if they want to avoid punishment they can wait for one month more. The boy is not going to break off the marriage because he has to wait for one month more, nor would the girl if she has to wait for a month. If there is no auspicious day after a month, surely they can wait for 2 or 3 months more before the marriage need be performed.

There is another argument which he put forward, with regard to elopement. I wish he would quote how many elopements take place in this country and how many boys of 18 or less run away with girls of 13 or a little more. I do not believe that such elopements take place here at all and that they need be afraid of punishment. But surely those who elope are fully aware of their offence against the society and against the parents of the girls and they are prepared for whatever punishment there may be.

He also put forward a plea that when they are married before they attain the age of puberty, the actual marriage is not celebrated until sometimes later. May I know if the boy dies before the second marriage or nuptials is celebrated whether the girl becomes a widow or not? If it is only an engagement if it is only a betrothal, why should a girl of 12 or 13 or younger, be a widow? Physically it may not do her any harm, but in society she is treated as a

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widow and before this Bill came into existence we had had hundreds and thousands of child widows in this country. There were so many Widows Homes opened for child widows, and we women were very ashamed at the name given to these homes—Widows Homes. We have never heard about Widowers Homes. Why should girls be put in a different category altogether for no fault of their own? Why should a girl suffer just because she had lost a man to whom her parents had married her to when she was very young? These are the evils we are fighting against. It is not a question of age only. Child marriage has done a great deal of physical harm to the women in our country. I do not at all understand the argument brought against this very small amendment which has been suggested in the Bill before this House.

I think, Sir, it is necessary to amend this Bill because people still try to evade this particular measure that is already there. They try to evade in all ways and means. In our part of the country—in South India—people used to go to different States where this law was not in force. I do not know whether they can do the same now, but I think in certain States in India even now there is no such enactment and child marriages take place. This has got to be stopped. I think, Sir, the Child Marriage Restraint Act has done enormous amount of good to young boys and girls in this country. For one thing they get more education now than they could before this law was passed. Before that they used to be educated to a very low standard and then their parents used to take them away from schools so that they might be fitted for marriage. If you go to girls schools now you find them over full of girls and if you go to schools where girls are allowed to study along with boys you find very large number of girls there also. That is one of the greatest advantages that this law has done to our girls; i.e., it has given education which they did not have before. Besides they are much more physically fit today than they were before. Just imagine a girl of 14 having children and having to look after a household, having to look after kitchen, and so on. She may not be physically fit to do all this work, but still she has to do it just because she is married at a young age. This is the age when she should go to school and play with her friends and lead an irresponsible life, and not behave and act like a woman with great deal of responsibilities thrown upon her shoulders.

My Honourable friend, Mr. Gole, also quoted the law prevailing in England. Sir, I have heard people quoting about things not being suitable to this country in spite of the fact that they happen to be prevalent in England, America, and other western countries, but when it suits our purpose we are very anxious to quote them favourably. England is quoted as having a law which permits a girl to marry at the age of 12. England has had that law for very many years, but I should like to ask my British friends here—I also claim to have first hand knowledge of England and the customs which are prevailing there—to bear me out when I say that hardly any one in England gets a child married at the age of 12. So though the law is there they do not find any necessity to reform that law because in custom they are not taking advantage of that particular law. So I would like to tell my Honourable friend that it is not much use saying that in other countries there is such a law. If bad habits and bad customs prevail in other countries, there is no reason why we should follow those countries when we are trying to introduce certain reform measures with regard to legal questions in our country. The whole question today is to make this legislation, which was enacted some years ago, stronger. It is not strong enough today. I feel that the parents who should be punished are not punished enough. For one thing they try to evade law by giving wrong age, and apart from that they set apart the amount of fine that can be imposed on them beforehand and they regard this as a part of the dowry that they give to the girl. That is done over and over again, and that is what we should stop. If you make this

offence punishable by sending the accused to jail, I am sure they will be a little more careful hereafter. They should know that they cannot evade the law just by putting aside a certain amount of money for paying the fine. Going to jail for any crime other than a political crime is still considered rather a bad thing in society. I am glad to see that it is so, otherwise there may be more people willing to go to jail on this question. But as society is situated today, people are still a bit afraid of going to jail because they have a certain amount of hesitation about going to jail. So I very strongly support Mr. Bhargava's motion and I hope the Government will give it consideration and that they will see it fit to accept it. I particularly appeal to the Honourable the Law Member to take this into full consideration and allow this amendment to be introduced to the Child Marriage Restraint Act.

I support the motion.

Sgt. N. V. Gadgil (Bombay Central Division Non-Muhammadan Rural) The motion for reference to Select Committee and the motion for circulation in my humble opinion are not entirely irreconcilable. After having heard the speech of Mrs. Swaminadhan, I would rather request the Government to ask for public opinion by an executive order by 31st July or by the middle of August, so that when we meet the next time it will be possible for this House to get the report of the Select Committee and get through this Bill in all its stages if the House is convinced that such a measure is absolutely necessary.

The point at issue is very simple. The House is already committed to improve the provisions of the Child Marriage Restraint Act. In 1929, when this Act was first passed, the then Government defined its attitude as one of some indifference. The Home Member then stated that the Government would intervene in social matters only under two conditions: one of the conditions was that the Government must be convinced that there was a great and corroding evil and the second condition was that there was a promising and a practical remedy. One can understand such an attitude on the part of a Government which was neither national in outlook or in personnel. But now all that is changed. I would rather, and many of my friends rather expect, that there would be a more liberal attitude on the part of the Government. As far as I am able to see, the Congress Party is committed to social reform and so far as the other Party in the Interim Government is concerned, I can tell my friends on my right that their leader, Mr. Jinnah, said in 1929 that he was perfectly in agreement with the principles of the Bill which were ultimately embodied in the Act of 1929. He even went to the length of saying then that if someone argued it was against religion, he enunciated a great principle: if it was a question between religion as such and public morality, he would go in for public morality because he understood it to have more importance and more consequence on social outlook and progress. In the original Bill that was drafted by Harbilas Sarda, there were many stringent provisions but it was so watered down that only a ghost of its original self was gone through. Some figures have been given by my friend, Pt. Thakur Das Bhargava, which show that the number of marriages increased in the year 1931. I am reminded just as what happened on the 1st March this year after the share market people learnt the taxation proposals. There was heavy unloading. The same thing happened in the marriage market, and I am inclined to quote from a newspaper *Liberty* what was published by it on the 18th March 1930:

"A matrimonial wave is just passing over the country. Bride in embryo is being married to groom in the cradle. The Sarda Act is coming into force and the pig-tailed Pandits have sanctified juvenile to stave off perdition. Poor girl just learning to suck the feeding bottle being carried over to the wedding bower. Urchins are being snatched from the arms of their playmates to don the garb of a groom. As an emergency measure the elastic Pandits have issued an edict whereby they have certified the month of Chaitra to be the proper season for matrimonial alliances. Our Pandits have extended the limits this year. We are sure before the 1st April comes on there will be hardly left single unmarried man or woman in India."

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When the two amendments that were incorporated in 1938 in the main Act were under consideration, I was a Member of this House and I gave certain figures to show the number of child widows even below 1. In the year 1931 the House will be surprised to know the number of child-widows below 1 was 1,600. That was the position. It was then a case clearly of a great and corroding evil and when it was found out that the breaches of the Child Marriage Restraint Act went unpunished, a great Englishwoman, Miss Rathbone, wrote a book in which she accused the Government of the day in no uncertain terms. Her indictment is worth quoting.

"The necessity for enforcing respect for law and order has recently been much in the minds and on the lips of those in authority all over India. But laws concerning social reforms are apparently an exception being intended rather to quiet the conscience of the legislators and their critics at home and abroad than to be obeyed. The official attitude was indicated after the first recorded prosecution under the Act. The offender who had given his ten year old daughter in marriage in defiance of the warning of his village headman, was sentenced to one month's imprisonment—the maximum term permitted under the Act. Instantly the Punjab Government telegraphed to order the man's release."

Of course that reference was to Englishmen in authority. My friend, Mr Gole, asked why does not the Government take some part in seeing that the evil does not grow. Unfortunately all these offences are noncognisable. Some of the defects in the original Acts were sought to be remedied in the two original Bills introduced in 1938. One was about Extra Territoriality that was moved by Mr Latchand Navahat. He gave examples how marriages were celebrated in the mid currents of river Indus as it was the frontier of British India. Some marriages were celebrated in the jurisdiction of several Indian States and that was no offence under the Act. That defect was remedied by one of the amending Bills. Another amending Bill was introduced by Mr B Das, which was really drastic in the sense in which Mr Gole understands the term. If it had been accepted *in toto*, I am sure there would have been no need to introduce a Bill of the character which has been introduced by my friend, Mr Thakur Das Bhargava. That Bill provided for three things: one was that there must be a provision for an injunction as soon as it was known that a marriage in contravention of the provisions of this Act was about to be celebrated. Any party could go to the Court of the first class Magistrate, get an injunction and prevent the marriage. And then there was another provision. If in spite of injunction or even otherwise a marriage was celebrated, then that marriage should be considered as invalid. That was really the most effective remedy. And the third remedy that was suggested then was to make the offence cognisable. I quite remember the then Law Member, Sir N. N. Sircar, in the course of our discussion in the Select Committee said "Look here. You are in the majority in the Select Committee. You will carry the day here. But we have a pocket borough in the Council of State, where we will put down all your amendments and your Bill will make no further progress. Therefore it is much better to understand the principle of politics, *viz*, give and take." We rather gave more than we took. The result was that there was a provision incorporated about injunction and a penal provision *viz*, fine or imprisonment but not both was also incorporated. While the discussion on that Bill was going on in this House I remember my Honourable friend Mr Bajoria, the predecessor in title of my Honourable friend Mr Gole, the Sanatanist opponent of that Bill, was actually mobbed in the sector outside the House. I do not know whether it was a pleasant surprise or otherwise to him. But the fact that was then brought to the notice of the House was that the women, at any rate, in Delhi were for passing that Bill in as stringent a manner as possible. Not only that. As far as I remember, the Bill was passed on the 4th April and on the 8th there were about 200 marriages to be celebrated in Delhi. The women of Delhi waited on His Excellency the Viceroy. The Bill was passed

in the Council of State on the 7th evening and before it was midnight it received the assent of the Governor-General with the result that the next day in Delhi the marriage parties turned into mourning parties! But since 1929, I agree with Mr Gole to some extent, there has been some change. The evil at any rate in the part of the country from which I come (because I can only speak of my province with some experience) has been much less and the age of marriage has considerably increased. Now marriages are not celebrated in the manner in which they were done before though the evil is still there. It is not much prevalent I know in the cities, because in the cities and so far as the members of the upper classes are concerned the problem is the other way. It is difficult to induce young men to get married. That is the problem there. But in the rural areas in countryside, especially, among the peasants it is in evidence although on account of economic hardship before the war, they fully realised that it was much better to postpone the marriages of their girls and boys to a latter period of their life.

Mr President, you must have as a lawyer seen a number of documents, sale and mortgage deeds executed by poor peasants as I have done in my own humble way, where you would have always found two circumstances detailed in the body of the document, whether it was a mortgage or sale deed. The reasons given usually are either to celebrate the obsequies of the parents or the marriage of their children. Normally out of ten documents, at least in seven or eight the reasons given for the transfer of property would be some such thing.

I remember in 1938 when this Bill was passed, the District Local Board elections were to be held in the district of Poona. Some of the Congress workers came to me and said "What have you done? We are sure to lose the elections, because the whole countryside is against you. How can our girls remain unmarried after they are ten or twelve? We will lose the election." I have immense faith in the common sense of our peasants. I went round and I am glad to tell this House that we won all the 48 seats, although our opponents went about abusing me in particular as the villain of the piece. They said "This was the man who had tampered with our religion. He is now tampering with our social customs." But I appealed to the peasants from the economic point of view. I told them "Instead of marrying your daughter or boy at an early age for which you have to alienate your property very early, if you postpone it by five or six years, at least you will be saved from the *Sowcars* for sometime." That argument went home to them and not only we won the elections but gradually they came to understand that this was really a measure for their benefit. I do not claim that we have succeeded fully but for any abiding result in the social sphere it is much better and more reliable to depend upon effective propaganda. But that should not deter us from considering the merits of this piece of legislation which is now under the consideration of the House. After all it resolves itself to this. What are the sources of obedience to law? That is the real question. Is it conviction, convenience or coercion? If a man is convinced that obedience of law is in the best interests of the individual and society, there is no problem. If the man thinks that by obeying the law it is more convenient to his life and to his business or profession, then also the problem is not so acute. But when it comes to coercion we have to think how far and how long we shall coerce the individual. We have to find out a demarcation line or a measure "Thus far and no further." By coercing too much we might provoke a big revolt in society. At the same time if we leave the whole field for good sense, it is equally difficult, because good sense nowadays is very rare. If my Honourable friend Mr Thakur Das Bhargava is convinced that there is a great and corroding evil in his own province and what he suggested is a practical and promising remedy, by all means he should have it. But some of us who are of a different view point think that the radical remedy is to declare such a

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marriage invalid That being not within the purview of this motion, I am sure you will not allow me to dilate on that. But I have one request to make to Government Instead of supporting Mr Gole's motion for circulation, will they not think that the same purpose will be achieved by asking for public opinion by an executive order and allowing this reference to go through the House?

Mr. President: The date within which the report of the Select Committee is to be submitted is not mentioned in the motion Am I correct?

Mr. P. B. Gole: 31st August

Mr. President: I am talking of the motion proper and not the amendment.

Pundit Thakur Das Bhargava: It is not mentioned in the motion I do not know whether the Bill is going to be circulated I would submit that the report of the Select Committee should be received by the 31st August 1947

Mr. President: Then does the Honourable Member wish to add the words "with instructions to report by the 31st August, 1947"?

Pundit Thakur Das Bhargava: Yes, Sir

Sreejot Rohini Kumar Chaudhuri (Assam Valley Non-Muhammadan): Sir, it is with great hesitation that I take part in this social legislation, because I find that I am not seriously taken by most of the members of the House

Honourable Members: Not at all

Mr. President: Will the Honourable Member come to the microphone?

Sreejot Rohini Kumar Chaudhuri: Sir, I feel very nervous under the direct gaze of the Chair

Sir I certainly admire my Honourable friend, the author of this Bill for his desire to bring about social reforms In passing I desire to pay my tribute to my Honourable friend Dr Deshmukh who is also responsible for many such pieces of legislation But what I am wondering at and thinking all the time is that instead of trying to prevent ugly marriages amongst elderly people, amongst old bachelors, why are they thinking so much about youths who may be thinking of marriage We have found various instances of senility amongst elderly people when they want to marry at a very late stage Attempts should be made to stop such ugly sights also

Now, Sir, I want to seriously answer the two questions which were raised by my Honourable friend Mrs Swaminadhan She was asking why there was no widowers' home Sir, it is either an irony of fate or the curse of Eve that we find that after a man becomes a widower his talents really come to display themselves and the older he grows in his widowerhood the more talented he becomes If you think of eminent Professors and scholars you will see that most of them are confirmed bachelors or widowers Think of the heads of the press also in your own country You will see that they are either confirmed bachelors or widowers Think of the Members of the Government—I am thinking of my own Province and am not thinking of the Interim Government at all (loud laughter) Sir Muhammad Sadullah was the head of the Province for a very long time and he became so, I think, immediately after he became a widower It seems, Sir, that if anyone wants to distinguish himself he should either prefer the life of a bachelor or he should not mind being a widower Widowers are blessed by their wives from heaven for their fidelity to the deceased wives No wife would like to think at any moment that her husband has another wife particularly after her death. The wives would think that advantage has been taken of their death If a wife is alive and if the husband takes another wife in her lifetime they could have fought with each other and one or the other could win the husband When they are no more on the earth if advantage is taken of their death and if the

old men think of marriage the curse from the wives from heaven comes on them. So the widowers are blessed, they acquire more distinction after they become widowers. That is the reason, Sir, why we see very little of widowers' home in this country.

The second question which was raised by Mrs Swaminadhan was 'Why can't an young man and an young woman wait for one month more and have a legal marriage?' Why are they so impatient that they want to marry, as has been suggested by my Honourable friend Mr Gole when there may be one month more to cross the objectionable age? Why can't they wait for a month more? Sir, this is a question which my Honourable friend and other young men in this House may answer themselves. One month is a precious long time and I should be doing a great injustice to Mrs Swaminadhan if I say that she has entirely forgotten this—she or anybody else in this House.

Sir, I am keeping my notes before me because I want to deal very seriously with some points. I cannot forget the benefit which this Child Marriage Restraint Act has brought to our social life. If nothing else has been done it has done at least this, namely, that ostracization on account of keeping marriageable girls in the house has become a thing of the past. No one would dare to ostracize anybody because there is a grown up girl in his house. Formerly if a Brahman had in his house a daughter who had passed her marriageable age he would be boycotted. This social benefit at least, has been the result of the Child Marriage Act. Now, poor parents get less worried about the marriage of their daughters. Formerly if you had a daughter of 11, 12 or 13 years of age you became so worried that you began to hunt about for bridegrooms, and every young man would say 'I am not going to marry, I must begin earning my livelihood before marrying'. If you go to the father of the young man he says "I am willing for the marriage. I have no objection. But my boy does not want to marry." The parents of girls are now relieved to a great extent from this sort of humiliation.

The third thing, which is very important, is now the girls as they grow up become more attractive. They become more accomplished. They know the art of winning. Naturally nowadays it is possible for a parent to have the marriage of the girls at a much lesser cost and with much less worry than before.

These are the three advantages which, as I see, have directly come out of the child Marriage Restraint Act. I remember the year 1930. The Child Marriage Restraint Act was to have come into force on the 1st April 1930. The month preceding was a gala month for many of our maritally inclined people. The month of *Falgun* in 1930 was a gala month for old and young, Hindus and Muslims alike. The old men who could not get a bride after waiting so long were offered a bride. Young girls were offered to them for marriage because the parents wanted to evade the law. Men who wanted to have more than one wife, men who had an ailing or sick wife, got sporting offers from their neighbours. It was a great advantage to them. Poor men who could not otherwise manage the cost of marriage were offered the entire cost of the marriage. The girl was offered, the cost of marriage was offered, and some property also was given. A fine crop of marriages there was at that time in the month of February that year. But there was one great public disadvantage, namely that there was very little of entertainment. The public was not invited. They were not only not invited in this period but the entertainment for three or four years after that time vanished, because there was no marriage afterwards. All the marriageable girls had been married with the result that there was no marriage for the next three or four years. That was the only public disadvantage if I may say so.

Now, I want the House seriously to consider this point whether this Bill should be circulated for eliciting public opinion or not. If it is circulated for eliciting public opinion this Bill will not have the force

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of law for about a year more so that those persons who want to evade imprisonment, when my Honourable friend Pundit Bhargava wants to inflict on them, can finish all their marriages within the next twelve months. They shall get the months of *Baisakh*, *Jaistha* and *Agrahayan* and *Falgun* and will take the advantage. That is precisely the reason why my Honourable friend, instead of opposing this Bill, has put that amendment before the House—because we shall get one full year within which we can dispose of all the marriageable gals. But I would ask him to withdraw his amendment because I can comfort him by pointing out that if the Select Committee's recommendations come to the House by the 31st of August, then naturally this Bill will not be actually converted into law at least for ten months so that, when we are busy, in the meantime we can do all that is necessary to evade the mischievous effect of the legislation of Pundit Bhargava.

Another question which I wanted to raise before the House is this. I want to ask my friend Mr. Bhargava to seriously consider whether in his experience as a jurist he can really say whether the enhancement of the sentence for an offence brings about a reduction in the commission of the offence itself. Take the question of the abolition of the capital sentence. There is the capital sentence for murder. Has the number of murders been reduced because of the imposition of such exemplary punishment? During the war period the sentences on many offences were very much enhanced. In the matter of social legislation the enhancement of the sentences does not seriously affect the number of offences committed. We must pause and consider whether it is advisable to enhance the sentence in the hope of bringing about a reduction in the number of offences.

Therefore instead of thinking of enhancing the sentence, we should think of some other means of dealing with these offences and I think it is useless to think of adding to the horse power of an engine when the engine itself has stopped. This engine of child marriage Act is not working at all. I would, however, most seriously protest against making this a cognisable offence. I would not do it with the police as they are at present. The time may come when we may have more reliance on our police but for the present I would not like the police to meddle in our social affairs. Instead of that, I would prefer a more liberal use of issue of injunctions to prevent marriage and to have a legislation which would make the marriage itself invalid, if there is a marriage in spite of the injunction. That will be a more effective way of checking this kind of marriage. Instead of making the offence cognisable, we may have a Board of Complaint or something like that. They will function in every village or *taluq*. They will make complaints before the Court. They must have funds of their own and the personnel of the Board should be selected from among those persons who are dead against marriage, who are by their nature opposed to marital relations, and who have no chance of marrying. Such a personnel should be selected and they can be fully trusted to make a complaint whenever a marriage takes place. I hope the House would take my suggestions seriously. With these words, I support the Bill.

Sri M. Ananthasayanam Ayyangar: Sir my friend, the previous speaker Mr. Chaudhuri has absolutely no reason to complain that his speeches are not heard seriously. I have never heard a more interesting speech during all these years that I have been in the Assembly. His suggestions have been excellent. He has supported the idea of a widowers' home and he has exalted widowers to a very high position, though I am sure that nobody would like to kill his wife in order to become a widower.

Now as regards this Bill, there is absolutely no doubt that all sections of the country, even the so called *Sanatanists* and very highly pious and orthodox men have become reconciled themselves to the Sarda Act of 1930. No marriage

takes place now of boys below 18 and of girls below 14. The provision of imprisonment as a punishment is already there. When a boy is married between the ages of 18 and 21, that boy is punished not with imprisonment but with fine which may extend to thousand rupees but after 21 if he contracts a marriage with a child below 14 he is liable to imprisonment also for a month. As regards the persons who are in charge of the minor, they are liable to be imprisoned and also liable to a fine which may extend to Rs. 1,000. Other persons who officiate or bring about the marriages are also liable to imprisonment for a month. The amendment sought to be made by this Bill is this. My friend wants to impose imprisonment for 15 days in the case of boys between 18 and 21 who marries a child. The House has to consider whether that provision is necessary. If he is rich, it may deter him from marrying. The rich people are more prepared to pay off fines and if there is a prospect of imprisonment, such marriages may not take place. My friend Mr. Bhargava says that in spite of the Sarda Act such marriages are prevalent amongst backward communities. The richer communities are not performing such marriages now and in their case there is no need of such a provision. As regards backward communities the provision of a fine to the extent of Rs. 1,000 will be more deterrent than imprisonment. I am not casting any aspersion on anybody but if as soon as a marriage is performed the family stands to lose the wherewithal with which they have to live, it will be afraid of losing Rs. 1,000 and not so much afraid of imprisonment for a month. So this amendment would not have any deterring effect even with respect to the lower classes.

I have tried to examine the report of the various police administrations on this subject. Let me take Punjab. I know personally that in the province of Madras the Sarda Act is being followed almost strictly according to the letter of the law. Very few child marriages take place. None of them have come to my notice, except some cases in the border where the parents do not know whether a girl is more than 14 by a few months or less than 14 by a few months. A man celebrates the marriage of a girl who is 13 years 9 months or 10 months and later on some other party lodges a complaint on account of some old grudge. The same thing happens in connection with stabbing cases. People take advantage of communal trouble to pay off old scores and stab, stabbing people against whom they have an old grudge. That is what has happened. So far as my Presidency is concerned, there are very few cases of such marriages. Let me take the province of the Punjab. I have got a report from which I find that in the year 1915 there were 125 cases reported against the Child Marriage Restraint Act, 1929. 110 were taken to be true and they were tried. The cases which were taken over from the previous years and which were not completed in the previous year were 263. Out of these 263 cases, 144 were acquitted and only 46 were convicted. Now, I come to the United Provinces. There were 577 cases, out of which 424 were acquitted and only 128 were convicted in the year 1941. I have not got later figures. I have got also the report from Assam, but unfortunately that report does not give any details regarding the offences under the Child Marriage Restraint Act. Therefore it appears my Honourable friend is obsessed with the circumstances and conditions that were prevailing in 1929 and that is why he has made a constant reference to the proceedings and the reports of that time. Nobody denies that there were child marriages then which were obnoxious and the so-called unreasonable orthodoxy was prevalent and such marriages were going on constantly. Since 1929 almost 18 years have elapsed and such marriages are not prevalent now. Further, this is a provincial subject and I do not know if it is necessary to introduce this legislation here. Of course, there will be one more piece of legislation to our credit, there is no question about it. But, after all, the question is whether such a legislation is necessary at this stage? We have not been sleeping over this matter. From time to time we have had persons who wanted to re-inforce the Sarda Act. They were on the

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advert. Since 1929 two amending Bills were brought before this Assembly and we passed them into law. One in the early part of 1938 and the other in the latter half of the same year. One was to prevent the marriages of British subjects being celebrated in Indian States or, in our part of the Presidency, in the French possessions to avoid coming under the clutches of the Child Marriage Restraint Act. The first Act enacted that persons who are British subjects and who contract marriages below the prescribed age limit will be punished under the Child Marriage Restraint Act. That was accepted and passed into law. But under the provisions of the Child Marriage Restraint Act a marriage, even between children, is valid. The marriage does not become null and void, though the parties to the marriage are not of marriageable age.

Another Act that was passed by this Legislature was the one which empowered the courts to issue injunctions to prevent such marriages. Even that Act was passed. If the injunction is disobeyed, the person who disobeyed the injunction would be punished with imprisonment extending to three months and not of one month, as in the original Act. Therefore, that is a sufficient deterrent and sufficient power in the hands of all persons who are interested in seeing that child marriages do not take place. I find social parties have not been organised in various places and even if we should agree that 15 days imprisonment ought to be imposed and we modify the law as desired by our Honourable friend in this Bill, that law by itself would not work itself out. The provisions are sufficient deterrent. There are both preventive provisions as well as punitive provisions and no party can escape by celebrating marriages anywhere. The only difficulty is that persons have got to be educated and persons who are interested in seeing that such marriages do not take place should be on the alert and should bring the matter at once to the notice of the parties and thus prevent such marriages from taking place. No such steps have been taken. I would ask the Honourable Member himself what steps have been taken to his knowledge? Merely coming to the Assembly and moving such a Bill is not enough. Anyone can prepare a Bill like this and give its notice. But what steps are taken either by him or by others to see that child marriages are prevented? It is only that which can prevent such child marriages. But let it not be said that I am against it, I am anxious that child marriages ought not to be allowed to take place in this country. But what about those who have not taken even a step towards that direction. However, if the House is inclined to pass this Bill, I have not the least objection to it. We will be adding one more amendment to the Child Marriage Restraint Act without really taking care to see that child marriages do not take place.

I would now like to make one or two suggestions. It is true that under the law as it stands at present the offence of child marriages is not a cognizable offence. There was a suggestion made at the time when the original Act was passed in 1929 that the offences should be made cognizable. No doubt it is a dangerous weapon in the hands of the police authorities. The police have been playing ducks and drakes here and there and I am not directing my criticisms against any section of the police. But so far as this social matter is concerned, this power may be gently abused. But since 1929, when this Act was passed, if the power was given to the police of this offence was made cognizable for the last 7 to 10 years, then the community would have become accustomed to put off marriages to the age of 14 or 15. If the first daughter is not married before 14, they have crossed the bar not only in their family but in the entire community, because on account of orthodoxy or religious scruples they cannot marry after the age of puberty. If it is made a cognizable offence and the man is prevented from celebrating such a marriage with

respect to the first daughter, then he has gone over to the other side and thereafter no principle of orthodoxy can stand in his way. Therefore, the enthusiasm that has been exhibited by the Honourable the Mover of this Bill was well worth exhibiting in 1929, when the first Act was passed, and he should have impressed upon the Legislature then to make this cognizable for at least 5 or 10 years. If he had done that, the Sarda Act might have been easily repealed because the society would have taken to it. But that has not been done. I know of cases where, even with these provisions, when a man makes a complaint, he has to deposit a sum of Rs. 100 or to execute a bond to the effect that his complaint is not a frivolous one. That is due to various gulches when they know some false complaints can be made. They expose the man and the bigger the man the greater the exposure. I do not see very much help or use so far as this Bill is concerned. But I do not want to be proclaimed outside or inside the Assembly that I am against any particular reform. So if the House is anxious to get it through, by all means let it be passed.

The Honourable Mr. Jogendra Nath Mandal (Law Member) Mr President, before I enter into the merits of the Motion and express the attitude which the Government propose to take regarding this particular motion, I want to express my appreciation of the object for which the Motion has been moved by my Honourable friend Pandit Thakurdas Bhargava. There is no doubt that child marriage in India has been a social evil. Much was said to remove this social evil. One point is very clear to me, that there is no controversy over the principle of the Bill or the object of the Bill for which it has been moved. To my mind it appears that the remedies suggested in the Bill to check child marriage are not satisfactory remedies. The Child Marriage Restraint Act of 1929 is there and there are penal provisions. Now what the Honourable Mover has sought, is to enhance the punishment provided in the Bill. I do not agree with the view that only enhancement of punishment will put a stop to the evil. As has been rightly pointed out by my Honourable friend Mr. Ayyangar, the people of the poorer section and the backward class people would prefer even enhanced imprisonment to payment of fine of Rs. 1,000. Pandit Bhargava has said that child marriages are still prevalent in backward communities. Assuming his argument is correct we must consider whether the remedies suggested to check the evil will really achieve the object. It has been said by the Honourable Mover that the Child Marriage Restraint Act has been a dead letter. He accused the Government for their failure to take effective steps or even to issue instructions that in case of flagrant breach of law, imprisonment should be inflicted and in other cases fine should be imposed. I should like to draw attention of the Honourable Member to the conditions and feelings prevailing at the time when such instructions were issued by the Government. The introduction and passage of the Child Marriage Restraint Act of 1929 evoked much criticism and opposition throughout the length and breadth of the country. It has been said by many previous speakers that the year 1929 was a gala year, for millions of marriages took place in that year. My Honourable friend Sreenut Rohini Kumar Choudhury expressed his grief that for four years subsequently there were no entertainments for the public and the public at large suffered from the passage of this Act. I quite appreciate his view and the difficulty of the public. Now Sir, at that time objection was raised from many quarters and people went so far as to say that the Hindu religion would be murdered. After the passage of the Act, it was found in some provinces that people were very much opposed to the penal provisions of the Act and then only the Central Government issued some instructions to administer the provisions of the Act as liberally as possible.

[At this stage Mr. President vacated the Chair which was then occupied by Mr. Chairman (Syed Ghulam Bhik Nairang).]

[Mr Jogendra Nath Mandal.]

I hope the House will agree with me that among educated classes and among the higher communities and higher castes child marriage has practically stopped. Now nobody can persuade the guardians of children to get their wards married at a premature age. Regarding the backward communities, I must confess this evil is still prevalent. Why is it so? I do not agree with the view that this evil persists among backward communities because of the lenient provisions of the Child Marriage Restraint Act. I feel that because they are illiterate, because they are backward, because they do not properly realise the evil consequences of child marriage that is why they indulge in marriage of children. From the Child Marriage Restraint Act it appears that for the enforcement of its provisions no additional machinery was set up, nor was it thought necessary to set up. Where such child marriages took place, it was left to the people to bring it to the notice of the Magistrate and lodge a complaint against persons who brought about the marriage. Then, Sir, what was the spirit? The public or the people who were anxious to put an end to child marriages were expected to actively co-operate in the administration of the Act. But where child marriage is still prevalent and if anybody presumes that the public of that locality does not co-operate with the Government or is not earnest and anxious to prevent this child marriage, then nobody can blame him. And surely I should presume that in areas where child marriage is still allowed the people or the leaders of public opinion thereof are not active and conscious and do not exert their energies and influence to put an end to this social evil. As the subject-matter of this motion falls within the concurrent legislative list the provinces can well enact a law or amend this Act. And when that is permissible I think it is advisable and desirable that in provinces where child marriages are still going on and where the leaders of public opinion consider that the penal sections of the Child Marriage Restraint Act should be enhanced and enlarged, the provincial Governments should take it up. Many Honourable Members have participated in the debate and with the exception of Pandit Bhargava no one has complained about this child marriage in his province. From this I presume that in all provinces this evil does not exist. So in a province where it is still prevalent and where the authorities and leaders and representatives of the people desire that something should be done to stop this evil the best course would be for them to move the provincial Government to amend this Act. Sir, while I say this I want to make it perfectly clear that neither are this Government nor am I opposed to any social or progressive legislation. If this Government feel that by a particular legislation some good will be done and the society will derive some benefit, surely this Government will not hesitate to agree to the proposal. But as I have stated before we feel that by a mere enhancement of punishment this Act cannot be made more effective and the desired object of putting an end to child marriage cannot be achieved.

It has been very rightly pointed out that the object for which this motion has been moved can be better achieved by educative propaganda. I am prepared to accept the suggestion that in areas where child marriage is an everyday business a committee consisting of leading people may be formed who may either dissuade the parties from performing the marriage or bring the matter to the notice of the authorities for proper punishment. If the people at large co-operate with Government and are really anxious to see that child marriages are stopped, how can they take place without being brought to the notice of Government? Why do not the local people bring it to the notice of the authorities? Surely a marriage cannot take place very secretly, and even if it does take place secretly a number of people must come to know of it, and as soon as they come to know of it they should bring it to the notice of Government. Sir, I have experience of my own province of Bengal and there although the people of the backward communities still try to evade the law the majority of

them have stopped child marriage and the number of such marriages are negligible. In these circumstances what Government feel is that it is not necessary to amend the penal provisions of the Child Marriage Restraint Act and enhance the punishment. From the Statement of Objects and Reasons it is clear that although the Honourable Mover feels that child marriage has been very greatly reduced he thinks that for want of a very severe penal provision in the Act people indulge in a breach of the law. In my opinion this view is not correct. That section of the people which continues to perform these child marriages will still continue to do so even if the penal provision of 15 days is enhanced to three months or the fine of one thousand rupees is raised to two thousand. The Honourable Member has suggested that in almost all cases imprisonment must be the punishment and, as has been stated, the people of the backward communities and illiterate people would prefer imprisonment to payment of a heavy fine. I therefore feel that no useful purpose will be served by accepting this Motion. However, as I have stated, this Government are not opposed to any beneficial measure, if it is really considered beneficial for society, I have no objection to accept the motion for circulation of the Bill for eliciting public opinion thereon. Sir, in the amendment moved by my Honourable friend, Mr. Gole, the date is given as 31st of August. The Honourable the mover of the motion spoke to me and he expressed his desire that if the date could be brought earlier then the House would get an opportunity to express its opinion after eliciting the public opinion. In view of that I suggest that the date may be fixed at 31st of July 1947, because in that case if we have any Session of the Assembly in the month of August we will have an opportunity to consider the public opinion and decide whether the bill should be referred to a Select Committee or whether it should be considered and passed.

Personally I feel that there is absolutely no utility for such an amendment of the Bill, but still lest this Government are accused of obstructing any social measure we are prepared to accept this motion. If public opinion is expressed in favour of the amendment then surely the Government will be prepared to pass it into law. The matter is undoubtedly very controversial. Of course there is no controversy over the principle of the Bill but people will feel that when all sections of the people of this country, even the orthodox section, have reconciled to the provisions of the Bill what was the necessity of again making such an amendment and wounding the feelings of some section of the people who were opposed to the Bill from the very beginning. If public opinion is expressed in favour of the Bill, surely the Government would be prepared to support its passage. I accept the motion for circulation of the Bill for eliciting public opinion with the slight amendment that the date may be changed from 31st of August to 31st of July.

Pundit Thakur Das Bhargava: I have listened with very raft attention the observations advanced by my Honourable friends with regard to this Bill but I am extremely sorry to state that I have not changed my opinion about the ignorance of the general public or ignorance of even very prominent people about the actual prevalence of this bad custom in my country. When I made my first speech I brought to your notice the state of mind of even very big leaders of the country that they also did not know the extent of the evil, and I am not surprised that my Honourable friend, Mr. Gole and others stand up in the House and tell me that the evil is no more to be found. I would be the happiest man if I agreed that their belief was correct. I did not know it myself as far as 1929 that the evil was so great and nobody perhaps knew about it. It was because Miss Mayo wrote that book that the Government were as a matter of fact constrained to appoint this Committee as two bills were also pending. But after going through the country and finding the extent of the evil I was convinced, the House was convinced the whole country was convinced that there was a good case for child marriage law. Now Sir, within these 18

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years the change has not been so great as some of my Honourable friends contend. I will be extremely glad if their experience in life warrants such a conclusion. Mr Gole referred to the fact that in England the age of marriage was 12 and he referred to it in such a way as if India had made a mistake in fixing the age as 14. May I refer you to page 156 of the Report of the Age of Consent Committee? It reads like this:

"Whatever the age of Consent and the minimum age of marriage may be in other countries, marriages below 16 are very rare in practice, and the majority of marriages take place beyond 16. Three cases of marriage of girls at 13, 28 at 14, and 318 at 15 are reported to have taken place during the last 12 years, in England and Wales."

My Honourable friend should not have the audacity of comparing the conditions in England and in India.

Mr. P. B. Gole: I only said that it is not an offence.

Pundit Thakur Das Bhargava: I do not know if my Honourable friend knew the conditions in the Central Provinces itself in 1929. Unfortunately we have not got the Census Report of 1940 giving the full details of conditions in the whole of India, and therefore I am not in a position to contradict any person who says that as a matter of fact child marriage is not prevailing in his part of the country. But all the same I know that conditions have not changed, they have changed to a certain extent, but not much. In the Central Provinces the number of widows below the age of 5 was 244 and the number of girls married before the age of 5 was 6,742, and the number of girls married between the age of 5 and 10 was 32,580, in 1931.

Mr. P. B. Gole: Was it in 1929?

Pundit Thakur Das Bhargava: These figures relate to 1931. In Nagpur with a population of 11,753 as many as 2,599 girls between the age of 5 and 10 were married, and about 205 are widows.

Sri M. Ananthasayanam Ayyangar: That was in 1931.

Pundit Thakur Das Bhargava: Yes. I quite see the point of my Honourable friend. I am not in a position to bring before them the Census Report of 1940. I do not say that I can contradict them by these reports, but all the same I am living in India in the same way in which they are living. My Honourable friend, Mr. Ayyangar, has rather counted me by suggesting that we have done nothing after this Report of the Age of Consent Committee. May I know what has the Government done and what have the Honourable Members done who have spoken before this? I can speak for myself, I have done my very best. I have brought many cases to court. I have conducted many such cases gratis and I have held many conferences and I have done a good bit of propaganda. But as I have said before so far as the question of propaganda was concerned, the first meeting was held in 1830. I know the value of propaganda. It will have no effect; it may have some, but at the same time it will not be too great to mitigate the evil of child marriage.

Further, I am rather amused from the fact that Member after Member has stood up and stated that this Bill shall have no effect and we should have recourse to other means. If you read the objects and reasons I have myself submitted I have said that "among the remedies which the Government may adopt the provision of enhanced and compulsory imprisonment by way of punishment in respect of the infraction of Sections 4, 5 and 6 of the Act is fairly calculated to have a deterrent effect and may perhaps effectively check-mate the evil." I cannot vouch that this is the only way, and I am of the opinion that because I know that the Government has done precious little in the past, and people who do not know the real conditions of life are not likely to do more in the near future. I want that this help from the law may be taken and used for the purpose to check-mate the evil. My scheme of

things does not proscribe a plea like the one taken by Ayyangar and Gole to do all they can to fight this custom of child marriage. I am told that two Bills were brought, one in 1938 and one in 1939. May I humbly enquire why were these Bills brought? If this system of child marriage is not prevalent, what are you fighting for? This shows that child marriage was there and that the people wanted to evade it.

Now I am told that among educated people and the rich, this custom is no more to be found. I quite realize that in many cities in some of the communities, there is a rise in the age of marriage. I have already submitted that and baring that thing, I am the last man to believe that the rich people do not infringe the provisions of this law. If my friend knows the *Marwaris* and the rich *mahajans* of all these places and of his own place, may I submit that the evil of child marriage is there? As regards the backward communities, I am rather amazed by the knowledge that I get from the Honourable the Law Member that there are very few marriages among the backward classes also. Punjab is not an exception to India. If I know the Punjab rightly, in Punjab there are less child marriages than in other parts of the country. All the same, I know that in the backward areas and among the depressed classes, the evil is very much greater than what it is believed to be. Groups of girls of 20 and 30 are married at one time and without any consideration about the age of the bride and the bridegroom. Even to-day children in arms are married. Children are betrothed before they are born. This is perfectly true. My friends who have spoken to me, may have knowledge of such cases. But if I were convinced like them that there are no child marriages, then, Sir, perhaps I would not only have accepted what they say, but at the same time made some amends to them. But I am convinced and it is very difficult to convince me otherwise, that as a matter of fact the evil is too great and demands a remedy at the hands of this House.

It is said that after all this Bill shall not have the effect which I could desire that it should have. The reason is that the poor man will care more for the fine of Rs. 1,000 and among rich men there is no such evil custom. If that is so, and the custom is non-existent in high-class society, why are they afraid? If there are no child-marriage cases they will not be adversely affected. But if the amended law can help a single case, it will be good for the society. I have yet to learn from the Honourable Members who say that custom of child marriage is not existent that in any case any Court gave a fine of Rs. 1,000. I have never heard of it and I do not expect that I will ever hear that any Court gave a fine of Rs. 1,000 to any poor man. At most the fine is from Rs. 15 to Rs. 50. If you see the records of Courts, the punishment has not been more. In the case of rich people, the fine has been Rs. 200. I know of one case in which the fine was Rs. 1,000 in the case of an extraordinarily rich man. In regard to rich people, the argument seems to have been accepted that rich people will avoid such things more on account of the fear of imprisonment than fines. Then let me help them. If there is one case this amendment will surely prove a deterrent to others. As regards the poor people, I am yet to be convinced that they are more afraid of fines than of imprisonment. So far as my experience goes, the poor man also is as much more afraid of imprisonment than of fine. In his case it is unfair that he should be fined more heavily than what he is today. Imprisonment will have an equal effect upon everyone.

The small amendment that I wish to place before the House has not been truly appreciated. I have given an indication in the Bill and there is nothing to prevent the House from improving the Bill in any way they desire. The object of this is to see that the evil custom of child-marriage is taken away from this country and any improvements that they propose to make will be acceptable. Mr. Ayyangar has grown eloquent about the fact that to start with the Committee did not recommend that the cases should be cognizate. The

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entire Committee was unanimous that it will not be fair to allow the police to interfere in domestic matters. I still am of this opinion that the police should not be allowed to interfere in domestic matters. Otherwise I would have entered it in the Bill. Now, it is said there is no machinery. At the time when the Sarda Act was on the anvil of the Legislature I put in certain amendments so that Government became responsible for bringing the culprits to book, but the Government did not accept the amendment. If the house is going to accept it now during the final stages of this Bill, this machinery can be evolved. I hope efforts will be made in the right direction so that the evil custom may be rooted out. Well, if the public did not co-operate, if the Legislatures did not co-operate, the duty of the Government was there to see that the custom of child-marriage was fought against. But what did the Government do? This Committee made forty recommendations and apart from piloting the Sarda Act in the Legislature nothing was done by the Government. This report cost the Country Rs. 2,88,614 and ten members were out in the country for ten months making enquiries and taking evidence from 400 persons. They got 1,200 written statements and yet the Government did not care about it. The real reason was that they made recommendations which were of a national character and put a certain burden on the Government. Now that the National Government is there, I hope everything will be done to root out this evil. I am suggesting a measure which will be helpful to the Government and let Government consider that. Let the Government do propaganda and educate the people, and if necessary let them adopt this remedy. I do not want to take the responsibility of saying that this is the only remedy. This is not my case. I am rather sorry to see that the Honourable the Law Member has been pleased to say that I admitted in the objects and reasons that the Bill was the only instrument for rooting out this evil. If it was, I would have said so. On the contrary I said the marriages are going on as merrily as ever and with impunity in backward communities and depressed classes. That is my complaint. Then the Honourable the Law Member said that people will continue to break these laws even if the punishment is enhanced. Why not then abolish the Indian Penal Code? People are still committing murders in spite of the punishments. Then why are you providing these punishments? If you do not provide the right sort of punishment for the right type of crime the law will not do its duty. I submit, Sir, that the enormity of the crime in this respect has not been appreciated. It has been left to the discretion of the courts to award either imprisonment or fine. I want the legislature to be alive to the fact that they should force the courts to award imprisonment in every case of infraction of section 4, 5 or 6. Where it is a case of a boy of 18 years, I have myself suggested that the court should be given the discretion either to award fine or imprisonment. I have never stated that it should be compulsory in that case. I therefore humbly submit that this House should consider the question from this standpoint whether it would be helpful in the matter of rooting out this evil. If it would be I would respectfully urge that my motion may be accepted.

So far as the question of circulation is concerned I would be content as has been pointed out by the Honourable the Law Member that the opinions are received by the 31st July or by any date which might enable me to see that the Bill is passed in the next session of the Assembly.

Mr. Chairman: Does the Honourable Member mean that the consents to the Bill being circulated and does not press his motion for reference to a Select Committee?

Pundit Thakur Das Bhargava: I have already submitted that the Bill be referred to Select Committee and the opinions might come by the 31st July.

Mr. Chairman: Before I put the motion to the House, I find that Mr. Ananthasayanam Ayyangar has proposed that the name of Mrs. Ammu Swaminadhan be added to the list of names for the Select Committee.

The question is.

"That the name of Mrs. Ammu Swaminadhan be added to the list of members of the Select Committee."

The motion was adopted.

The question is.

"That the Bill further to amend the Child Marriage Restraint Act, 1929, be circulated for the purpose of eliciting public opinion thereon by the 31st July, 1947."

The motion was adopted.

INDIAN PENAL CODE AND THE CODE OF CRIMINAL PROCEDURE (AMENDMENT) BILL

Pundit Thakur Das Bhargava: Sir, I beg to move

"That the Bill further to amend the Indian Penal Code and the Code of Criminal Procedure, 1898, be referred to a Select Committee consisting of Chaudhury Sri Chand, Lala Deshbandhu Gupta, Dr. G. V. Deshmukh, Mr. Sasanka Sekhar Sanjal, Sri Bhagurathi Mahapatra, Sri R. Venkatasubba Reddai, Khwaja Nazimuddin, Khan Mohammad Yamin Khan, Syed Ghulam Bhik Nairang, Capt. G. T. B. Harvey and the Mover, with instructions to report by the 31st July, 1947, and that the number of members whose presence shall be necessary to constitute a meeting of the Committee shall be five."

Sir, in regard to the Bill under consideration I beg to say, with your permission, a word or two about the history of this matter. It was in the year 1828 that a law was enacted by virtue of which a person committing rape on a girl of 18 years old or less was to be sentenced to death. Previous to that, according to the provisions of the Hindu Law, a man was liable to be sentenced to death for the offence of rape. There are certain provisions in the Code of Manu by which a person could be fined also for this offence. Thus the range of punishment was between death and fine. According to the provisions of the Islamic Law I understand that the punishment provided was death by stoning or 100 stripes.

In 1860 the law was changed and any person who committed rape on a girl of ten years or less was liable to be sent to ten years imprisonment. In 1891 there was a case known as the Hari Mohme Mythi case, in which the law was changed and the husband who committed rape on a girl was sentenced to imprisonment. In that year a law was passed and the age of the girl was enhanced from 10 to 12 years. There was a great agitation in the country and orthodox people stated that a husband had absolute right to the person of his wife and an innovation of this character went against their religion. But the Government in spite of the opposition passed the Bill and raised the age from 10 to 12.

In 1922 Bakshi Sohan Lal, a member from the Punjab brought in a Bill which was rejected by the House. In 1924 Dr. H. S. Gour brought in a Bill by which for intra-marital rape the age was to be increased to 14 and for extra-marital rape the age raised to 16. This Bill had a chequered career. Two amendments were moved in this House and the House was of the opinion that generally speaking the ages of 16 and 14 were the proper ages for extra-marital and intra-marital rapes respectively. But the Government of the day thought that the opinion of the House was too much ahead of the times and by votes of the Government members the Bill was rejected.

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The Government brought in a Bill in 1925 by virtue of which the age of the girl was raised to 13 in regard to intra-marital cases. In 1927 Dr. Gour again brought in a Bill in which he wanted to raise the ages and it was in the course of this Bill that the Government was forced to appoint the Age of Consent Committee about which I have stated at length in my previous Bill. This Committee was appointed with the specific object of going into this matter and to find out how far the amendment of 1925 has changed the situation in the country for the better, how it has been received by the people and whether the law then existing was such as would be considered proper in the circumstances of the country. As this matter of the age of consent and the question about marriage were inter-connected the Committee had no option but to issue a questionnaire which involved practically the consideration of the provisions of both the Bills. As I have stated before you, this Committee took a long time. It was appointed on 25th June 1928, and at the end of May 1929, the Committee made its Report. Four members were sent from this House and there were 10 members in all. I do not want to read the names of the members, but if you kindly see them it would appear that some of them were very respectable members of society and were very experienced gentlemen. After examining about 400 witnesses and taking into consideration thousands of written statements, after examining the texts of Hindu and Muslim law, after hearing divines, after hearing ladies, after going to villages, and finding the opinion of rural people, the Committee submitted its Report and the Report of the Committee was unanimous in recommending that in so far as extra-marital age is concerned the age may be increased to 18 years and in regard to intra-marital age the recommendation was that the age should be raised to 15 years. The present age, as I have already submitted, is 13 for intra-marital cases and 14 for extra-marital cases.

In regard to the provisions of the law relating to kidnapping and restoration of abducted women, the present position is that up till the age of 16 the law has given protection to these young girls. But the Committee suggested that the age of 16 be changed to 18, and the Committee made all these observations in their Report—the Age of Consent Committee Report.

Now, Sir, this Bill, as I have submitted for the consideration of the House, is based on the recommendations of that Committee with one or two alterations for which I myself gave a note of dissent at the time the Committee published its Report. Those alterations are not however of very great consequence, and as I proceed further I will have occasion to show why I want an alteration and have not based the entire Bill on the recommendations of this Committee. The entire Report proceeds on the assumption that there is pre-puberty consummation in this country, and that soon after puberty, consummation takes place which is always to the detriment of the girl and also to the detriment of the child if the consummation fructifies. The evidence of doctors was taken. Everything relevant was considered and the Committee came to the conclusion that before sixteen a girl was not fit to become a mother and before completion of the full age of fifteen she was not fit for consummation. These were mainly the definite conclusions which the Committee arrived at. My humble submission is that if any person doubts these postulates then we will be fighting on a principle which I for one think is the admitted principle of this Bill. If this Bill is accepted, if it is accepted that these are the two proper ages, I will humbly submit that we have got no other option but to make a law that these ages be regarded as good. While we are discussing the other Bill reference was made to the age of twelve being in existence. I will refer the House to Appendix X-A in which the age of consent of the various countries in the world is given and a perusal would

show that usually speaking, seventeen is the age of consent in other countries. We know that according to the opinion of the greatest living man in India the proper age for a girl is eighteen. As the Sarda Act was going on in the Assembly I sent a wire to Mahatma Gandhi to know his opinion about the marriageable age of man and woman and he gave his opinion that eighteen was the proper age for girls. It is true, that we could not go so far because of our deficiencies and our weaknesses. But the proper age according to medical science and according to the accepted principles is eighteen even now. When I suggest that fifteen may be taken I only say it is regarded as a safe age. If consummation takes place at that age then it is said by doctors that there will be no physical injury. I therefore submit that we have accepted in the particular circumstances of our country, in which child marriage was prevalent before, that fifteen be taken as the proper age for consent. I would submit that the alterations which I have made in this Bill are about the amount of punishment which I have proposed and the placing of the provisions of this new Bill in a particular place in the Indian Penal Code. According to the recommendations of the Age of Consent Committee one year should have been the proper punishment for any infraction of the rules relating to marriage, that is, if a husband had intercourse with the wife when she was between the ages of twelve and fifteen, according to the recommendations of the Committee one year should have been the punishment. I, Sir, have submitted for the consideration of the House that in my humble opinion two years is the proper punishment. I have given certain reasons for this in my note of dissent. With your permission, Sir, I will only read some four or five lines from that. I stated.

"In fact, this offence of 'marital misbehaviour' is so elusive that it can be confidently said that its prevention is certainly better than cure. All efforts therefore should be concentrated on the ways and means of prevent rather than punishing them who are guilty. When husband and wife are dosset together by their relations, or are allowed to come together, the chances are that the offence will be committed and no heed will be paid to convictions in courts. You may as well ask the fire not to burn and air not to dry than expect that crime will not be committed under these circumstances. Human nature cannot be taught asceticism by legislation or conviction. I therefore think that it ought not to be the policy of the law to seek to trace every infraction of the consent law and bring it to courts and for this purpose it ought not to authorise private complaints by all and sundry."

I believe that cases of infraction of this rule will not be brought to courts and I wish that no cases of infraction of these provisions were brought to courts because if an offending husband were arraigned before a court of law, the likelihood is, if he is convicted, there will be such bad blood between the two families, between the husband and wife that they will never come together. If the husband is sent to jail the wife will be regarded as the efficient cause for the husband being sent to jail. The wife will never tolerate this. She will always curse herself for being the efficient cause of her husband being sent to jail. I therefore think, and the Committee thought, that it ought not to be the policy that many cases of this kind come to court. I know that human experience will support me in this that it cannot be expected that the relations of the husband and the wife would take such cases to courts so that the ultimate contrivance for the stoppage of evil to which we can have recourse is that there may be a good and strong Marriage Law. In India until marriage takes place the man and woman do not come together ordinarily speaking. And when marriage has taken place, there is nothing which can prevent them from coming together. So, the real remedy lies in making the Marriage Law more stringent and strictly enforcing it. It is therefore that I have brought in the previous measure the circulation machine for which has just been adopted in this House. This is innovation No 1 which I seek to make. Then the other point that I want to place before the House.....

Mr. Chairman: It is now past 5. Time is up and the Honourable Member can continue his speech on the next available day. The House will now adjourn.

Dr. Zia Uddin Ahmad (United Provinces Southern Divisions Muhammadan Rural). On a point of order. I would like to request you whether you would permit those who have got Bills for introduction to move their motions. They will be simply introduced. This was done on a previous occasion.

Mr. Chairman: The House stands adjourned till tomorrow morning, 11 O'clock.

The Assembly then adjourned till Eleven of the Clock on Thursday, the 3rd April 1947.

LEGISLATIVE ASSEMBLY DEBATES

THURSDAY, 3rd APRIL, 1947

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LEGISLATIVE ASSEMBLY

Thursday, 3rd April, 1947

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr President (The Honourable Mr G V Mavalankar) in the Chair

STARRED QUESTIONS AND ANSWERS

(a) ORAL ANSWERS

MANUFACTURE OF DYNAMOS IN INDIA

†1368. *Mr. Manu Subedar: (a) Will the Honourable Member for Industries and Supplies please state whether there is any scheme for the manufacture of dynamos in India sponsored by any private company, or examined and considered by Government?

(b) How many schemes for the generation of hydro-electric power have been sanctioned by Government and what is the value of the orders for dynamos in connection with them, which have been placed abroad?

(c) Do Government propose to ask the Electrical Commissioner under them to investigate and submit a scheme for the manufacture of dynamos and to give reasons, if any, why they cannot be produced in India as cheaply as in other countries?

The Honourable Sri O. Rajagopalachari: (a) The Honourable Member presumably refers to generators used in Hydro-electric projects. Government are not aware of any scheme for manufacturing generators suitable for hydro-electric projects sponsored by any private company in India, nor has any such scheme been examined or considered by Government.

(b) The number of hydro electric schemes sanctioned for which plant has actually been ordered is eleven, requiring about 2½ crores worth of imported heavy generating plant consisting entirely of waterwheels and alternators, i.e., A C Generators, the latter forming nearly half of the total value. A number of other schemes are approaching the stage of placing orders.

(c) The manufacture of giant alternators depends on the existence of a strong electric motor manufacturing industry. The motor manufacturing industry is still in its infancy in India and the largest sized motor produced is only 30 H P. The Government of India is intent on the development of hydro electric power for industry and I presume it is not the intention of Honourable Member to suggest that we should hold up hydro-electric power until alternators can be manufactured here. The abilities and techniques of a sound electric motor industry can be directed towards the production of big generators. But it is a matter of considerable further progress requiring time.

CURING OF INDIAN TOBACCO AND MANUFACTURE OF CIGARS, AND CIGARETTES

†1369. *Mr. Manu Subedar: (a) Will the Secretary of the Department of Agriculture please state what attempts Government have made for improving the cultivation and curing of Indian tobacco and manufacturing superior smoking mixture, cigars and cigarettes in India?

(b) What is the margin between imported prices of superior tobacco and Indian costs including excise duty?

(c) Have Government received any representation asking for help in such ventures as are referred to in Part (a)?

†Answer to this question laid on the table, the questioner being absent

(d) How does the total imported quantity of tobacco, cigarettes and cigars during 1945-46 and 1946-47 (upto the last date for which figures are available) compare with those during the years 1938-39 and 1939-40?

(e) Have Government ascertained the effect of tobacco duty on the area cultivated and has such area increased or diminished after the levy of duty and increase in tobacco excise?

Sir Pheroze Kharegat: (a) Work has been carried on at Pusa and at Guntur for evolving suitable varieties of tobacco seed and for determining the most suitable rotation and manurial practices. A series of coordinated experiments were laid out with a view to determine the areas suitable for the production of cigarette tobacco. Tobacco research stations have now been established in several Provinces for experimental work with cigarette tobacco.

Fluecuring experiments were conducted first at Pusa and later at Guntur with special reference to the quality of the leaves.

No work has so far been done on the manufacturing side. It may also be mentioned that the Indian Central Tobacco Committee was established in 1945 to assist in the improvement and development of the production and marketing of tobacco and tobacco products and all matters incidental thereto. Two Agricultural Officers have been trained in the U S A, Canada and the U K, in the technique of tobacco production and development. They have recently returned after completion of their training and will make the necessary arrangements now for carrying on further research and development work.

(b) On the basis of the declared value per unit of unmanufactured tobacco imported into India, the price of unmanufactured tobacco at the port, exclusive of import duty at the standard rate of Rs 7/8/- per lb amounted to Rs 2/10/8 per lb in May 1946, against which the maximum price of fluecured virginia 1946 crop redried strips of the 1st grade at Guntur was Rs 2/1/- per lb during that month, exclusive of the excise duty of Rs 7/8/- per lb.

(c) The Indian Central Tobacco Committee has received requests for scientific, technical and monetary help in improving tobacco cultivation and manufacture from various sources. Suggestions have also been received from members of the Committee and others for improving the methods of tobacco manufacture of all kinds particularly of the manufacture of hookah tobacco. All these are under the consideration of the Committee.

(d) A statement is laid on the table of the House. The imports of unmanufactured tobacco have doubled.

(e) Full statistics of tobacco cultivation, both as a whole and by particular varieties, have been maintained since the introduction of the excise. It is difficult to compare these with pre-excise statistics since, in respect of large areas for which no definite records were available, the latter has necessarily to be based on estimates. Some fall in total production seems to have taken place in the year following the introduction of the excise. Since then there has been a steady, though gradual increase in acreage under tobacco.

STATEMENT
Imports of tobacco into India

(In lbs)

Article	(1938-39) (April to March)			(1939-40) (April to March)		1945-46 (April to March)		1946-47 (3 months ending June 1946)
	Through Br India ports	Through Kathavar & Travancore States ports.	Total	Through Br India ports	Through Kathavar & Travancore States ports	Total	Through Br. India ports only	Through British India ports only
Unmanufactured tobacco	6,370,556	1,671,318	8,041,874	5,782,824	1,235,900	7,017,554	14,871,789	4,414,412
Manufactured :-								
Cig rattes	1,218,472	34,038	1,252,500	1,371,370	26,019	1,397,389	115,230	138,152
Cigars	205,791	25,775	231,566	231,326	4,414	235,740	83	2
Tobacco for pipes and Cigarettes	59,289	...	59,289	55,966	...	55,966	149,299	13,212
Other sorts	33,863	.	33,863	55,213	...	55,213	5,226	4,831
Total	7,887,971	1,731,181	9,619,152	7,496,699	1,266,463	8,762,162	15,141,636	4,570,609

*Imports of tobacco through British India ports in the months of April to June
during 1938-39, 1939-40, and 1945-46*
(in lbs.)

Article	1938-39	1939-40	1945-46
Unmanufactured tobacco	1,290,813	1,791,839	4,358,434
Manufactured :—			
Cigarettes	240,758	289,070	5,390
Cigars	37,523	43,641	
Tobacco for pipes and Cigarettes	18,091	12,627	47,862
Other Sorts	6,837	24,877	1,860
Total	1,593,822	1,961,854	4,413,546

IMPORT AND PRICES OF FERTILIZERS

†1370. ***Mr. Manu Subedar:** (a) Will the Secretary of the Department of Agriculture please state what was the total import of fertilisers each year since the import scheme was started by Government?

(b) How much was taken by each Province each year?

(c) What were the prices paid by Government for such fertilisers and were they at competitive rates?

(d) What was the price charged to the Provinces and was it received in cash from them, or, was any part of the price considered as a Central grant?

(e) Have Government any information as to what price the Provinces have charged to consumers?

Sir Pheroze Kharegat: (a) In the three years 1913-16 the imports were 40,000, 70,000 and 164,000 tons respectively and in the current year they are expected to be 172,000 tons.

(b) A statement (Statement I) is placed on the table.

(c) A statement (Statement II) showing the prices paid for the fertilisers from time to time is placed on the table. They have varied from £14/15/- to £ 19 per ton. In view of the system of world allocation of fertilisers by the International Emergency Food Council, the imports were made from the sources determined by that body, at the prices prevailing there.

(d) The prices at which fertilisers were made available to provinces are given in the statement (Statement III) placed on the table showing that the price of Ammonium Sulphate varied between Rs. 230 and 253 per ton F. O. R. main port. Transport godown and other incidental charges are borne by the Provinces. The Provincial Governments were debited with the full cost of the fertilisers at the price fixed by the Government. Where Provincial Governments have distributed fertilisers at subsidised rates under approved G. M. F. schemes the Government of India have sanctioned grants to cover a part of the cost of such subsidies.

(e) The retail prices vary at different places. A statement (Statement IV) showing the average retail prices of fertilisers prevailing at present in the provinces is placed on the table. The figures vary from Rs. 260 to Rs. 340 per ton for ammonium sulphate not taking into consideration the subsidies given.

STATEMENT I

Provinces	Sulphate of Ammonium allocation				Ammonium Phosphate allocation		
	1943-44	1944-45	1945-46	1946-47	1944-45	1945-46	1946-47
	Tons	Tons	Tons	Tons	Tons	Tons	Tons
Bengal	1,000	4,420	13,000	17,000	830	900	700
U. P.	2,000	6,450	13,600	20,000	800	400	600
Bihar	500	5,600	10,000	12,000	2,000	400	1,100
Orissa	800	1,170	2,400	3,000	5		
Assam	100	100	81.5	155	5.5	10	5
Bombay	1,900	6,320	23,500	30,000	2,500	1,150	1,050

†Answer to this question laid on the table, the questioner being absent

Sulphate of Ammonia allocation					Ammonium Phosphate allocation		
Provinces	1943-44	1944-45	1945-46	1946-47	1944-45	1945-46	1946-47
	Tons	Tons	Tons	Tons	Tons	Tons	Tons
Central Province	100	750	1,450	2,000	50	100	1,000
Madras	5,350	27,500	66,300	71,000	3,000	2,180	3,750
Punjab	100	650	1,500	2,000		18	100
Sind	100	755	900	2,800			100
N. W. F. P.	25	10	50	50			
Baluchistan			30	65			
Delhi			100	100			
Coorg	...		25	25			
E. States	50	160	100	200		10	5
Baroda	100	360	1,200	1,500	50	20	30
Bhopal	50	130	100	200		...	
Kolhapur	1,000	1,900	5,000	7,000	370	250	300
Cochin	50	50	250	250		10	20
Hyderabad		750	2,000	2,000	600	...	200
Small Deccan States	...	675	1,260	1,500		...	...
Travancore		1,500	2,500	3,000	320	150	200
Mysore		1,000	4,400				...
Benares States	...	...	100	150			
Rampur				300			...
Gwalior			225	200			
Rajputana States		...	357	400	...		
C. I. States			100	262	...		
W. I. Gujrat States			83	100			...
Bikaner	...		100	100		...	...
Kashmir and Punjab States		...	200	400			
Goa	...			1,000			
Nagod	...			20	...		...
Rubber	50	250	600	252 223 (Ammonium Nitrate)	189	50	

Sulphate of Ammonia allocation					Ammonium Phosphate allocation		
Provinces	1943-44	1944-45	1945-46	1946-47	1944-45	1945-46	1946-47
U. P. A. S. I.	Tons 900	Tons, 1,400	Tons, 4,000	Tons, 1,534 1,662 (Ammo- nium Nitr. e)	Tons, 307	Tons, 150	Tons .
Ten	8,000	14,000	21,000	9,530 4,250 (Ammo- nium Nitrate)	2,951	1,200	500

*Statement II—Price paid by the Government for chemical fertilisers
British Sulphate of Ammonia*

1 July 1943 to June 1944 £14 15 S per ton C I F Indian ports

2 July 1944 to June 1945—

(a) £14-15 S per ton C I F Indian Ports

(b) £19-0 S per ton C I F Indian Ports

(c) £15-2 S per ton C I F Indian Ports

(d) £15-18 S per ton C I F Indian Ports

3 July 1945 to June 1946—

(a) £15-13 S per ton C I F Indian Ports

(b) £15-7 S per ton C & F Indian Ports

(c) £15-15 S per ton C & F Indian Ports

(d) £15-17 S per ton C & F Indian Ports

4 July 1946 to June 1947—

(a) £17-0 S per ton C & F Indian Ports

(b) £17-15 S per ton C & F Indian Ports

Canadian Sulphate of Ammonia

July 1943 to June 1944 and July 1944 to June 1945—\$ 65-5 (Canadian dollars) per ton C & F Indian Ports

July 1945 to June 1946—\$63-0 (Canadian dollars) per ton C & F Indian Ports

July 1946 to June 1947—\$63-5 (Canadian dollars) per ton C & F Indian Ports

Ammonium Phosphate from Canada

July 1943 to June 1944 and July 1944 to June 1945—\$81-00 (Canadian dollars) per ton C & F Indian Ports

July 1945 to June 1946—\$76-00 (Canadian dollars) per ton C & F Indian Ports

July 1946 to June 1947—\$76-00 (Canadian dollars) per ton C & F Indian Ports

Triple Superphosphate from U. S. A.

\$68-00 (Dollars) per ton C & F Indian Ports

Superphosphate (Single) from U. S. A.

\$45-00 (Dollars) per ton C & F Indian Ports

Statement III—Showing the selling price of fertilisers fixed by this Department from time to time

1 *Sulphate of Ammonia—*

From 1-4-44 to 31-10-44. Rs 241 per ton F O R main ports.

From 1-11-44 to 15-8-45 Rs 253 per ton F O R main ports

From 16-8-45 to 31-5-46 Rs 245 per ton F O R main ports

From 1-6-46 to 31-3-47 Rs 230 per ton F O R main ports

2 *Ammonium Phosphate—*

From 1-4-44 to 31-12-45 Rs 305 per ton F O R main ports.

From 1-1-46 to 20-12-46 Rs 255 per ton F O R main ports

From 21-12-46 to 30-6-47 Rs 290 per ton F O R main ports.

3 *Superphosphate—*

For triple superphosphate Rs 274 per ton F O R main ports

Superphosphate 6-12-46 to 30-6-47 Rs 186 per ton F O R main ports.

Statement IV—Showing the prices of Fertilizers charged to consumers in the Provinces

S No.	Name of the Province	Sulphate of Ammonium						Ammonium Phosphate							
		Rs	A	P	Rs	A	P.	Rs	A	P	Rs.	A	P.		
1	Ajmer-Merwara	...						...
2	Baluchistan	...						...
3	Bengal	280	0	0	to	300	0	0	295	0	0	...			
4	Bihar	272	0	0				310	0	0		...			
5	Bombay	265	0	0				325	0	0		...			
6	C P & Berar	258	0	0	to	312	0	0	275	0	0	to	316	0	0
7	Coorg	284	0	0				...				...
8	Delli	271	0	0											
9	Madras	264	0	0				314	7	0					
10	N. W F P	297	0	0											
11	Orissa	270	0	0	to	340	0	0							
12	Punjab	262	8	0											
13	Sind														
14	U P	266	0	0	to	276	0	0	325	0	0	to	330	0	0

SUPPLY OF FODDER AND CATTLE FOOD

†1371. *Mr. Manu Subedar: (a) Will the Secretary of the Department of Agriculture please state what efforts have been made by Government to increase the supply of fodder and cattle food?

(b) How much oil-cake has been exported from India during the years 1945-46 and 1946-47 (upto the last month for which figures are available)?

(c) Have Government considered and ascertained as to whether the high price of cattle and the consequent prohibitive price of butter and ghee are not pressing heavily on the standard of life of the middle class and working class people?

Sir Pheroze Kharegat: (a) A reference is solicited to the reply given to part (a) of starred question No 784 asked by Pandit Sri Krishna Dutt Pahlwal on the 10th March 1947.

(b) Exports of oilcakes during the year 1945-46 and the ten months—April 1946 to January 1947—were 115 and 47 tons respectively 5,500 tons of mowah cake were exported in December 46 and January 1947

(c) The prices of cattle and ghee are now three to four times what they were in the pre-war period while the price of butter is 2½ times of what it used to be. Government have no information of the extent to which these increases have affected the standard of living of the middle and working classes, such effects would vary with the extent to which wages and salaries have risen

†Answer to this question laid on the table, the questioner being absent

STEPS TO INCREASE THE NUMBER OF CATTLE AND OF CATTLE FOOD

†1372. *Mr. Manu Subedar: (a) Will the Secretary of the Department of Agriculture please state what special efforts Government have made (i) to increase the number of cattle, (ii) to increase fodder and cattle food supply, (iii) to provide cheap return transport for dry animals from large cities, and (iv) to stop export either of cattle or of meat from India?

(b) Have Government considered the desirability of reducing the number of vegetable ghee producing plants in the country with a view to leaving in the rural area in the hands of the producers a certain amount of cotton seeds and other oil seeds for purposes of cattle food?

Sir Pheroze Kharegat: (a) (i) A reference is solicited to the reply given to part (a) of Starred Question No. 1298 by Mr. Mohammed Killeddar on the 31st March 1947

(ii) A reference is solicited to the reply given to part (a) of Starred Question No. 784 asked by Pandit Sri Krishna Dutt Pahlwal on the 10th March 1947

(iii) The reduced freight charges introduced in September, 1929 are still in force. In view of the fact that the costs of the Railways in transporting cattle by rail have gone up, further reductions in freights are not considered feasible

(iv) The export of cattle is prohibited except under licence. The export of canned meat and dry beef has also been banned. The export of piggery products is however allowed

(b) It is not considered feasible to close down the existing vanaspati factories. The quantities of groundnut and cotton seed used in the manufacture of Vanaspati amount to 18.5 per cent. and 0.8 per cent. respectively of the total annual production. Moreover it is only the oil from cotton seed and other oilseeds which is used by these factories while the resulting cakes (which in the case of cotton cake is just as good for the purpose as cotton seed) are still available for use as cattle feed.

PROVISION OF ELECTRIC FANS, CUSHION SEATS AND DRINKING WATER TAPS IN INTER AND THIRD CLASS COACHES ON RAILWAYS

1373. *Mr. Ahmed E. H. Jaffer: Will the Honourable Member for Railways be pleased to state

(a) whether Government are aware of the fact that there are no electric fans for inter class and third class coaches on any of the Government managed Railways,

(b) whether Government are aware that there are neither cushion seats nor water taps for drinking water in the third class coaches, and

(c) the steps that Government propose to take to provide better comforts to third class and inter class passengers than those existing at present?

The Honourable Dr. John Matthai: (a) Except in a few inter class coaches, electric fans are not at present fitted in inter and third class coaches on Government Railways. The future provision of fans in coaches corresponding to the present inter class is intended. The question of providing fans in third class carriages is under examination

(b) Yes. The provision of cushions in third class coaches is under examination and the views of the Honourable Members on this point have already been invited in connection with the sample coaches on view at New Delhi station. It is the intention to provide in third class compartments a small alcove fitted with a water tap for drinking purposes

(c) I would refer the Honourable Member to the reply I gave to starred question No. 780 asked by Seth Govind Das on 10th March 1947

†Answer to this question laid on the table, the questioner being absent

Mr. Sasanka Sekhar Sanyal: With reference to the model coaches to which the Honourable Member has referred and which are now at the New Delhi Station, may I know how many such coaches will be available for the travelling public by the time of the next presentation of the Budget?

The Honourable Dr. John Matthai: I do not expect that it would be possible to put coaches constructed on this experimental design during the year 1947-48 but I am hoping that there will be a number of these coaches during the following year.

Mr. Sasanka Sekhar Sanyal: Have the Government laid down any target so far as time is concerned and to have a number of such coaches within that time?

The Honourable Dr. John Matthai: We have not fixed a target yet, because the question rather turns on what the final design is going to be. This is a purely experimental thing and we are awaiting the views of Honourable Members of this House and others as to the sort of design that should be finally decided.

Mr. Sasanka Sekhar Sanyal: How long the Government will take to examine the questionnaire which has been circulated to the Honourable Members of this House?

The Honourable Dr. John Matthai: As early as possible.

Seth Govind Das: Have the Government thought of providing fans in the present coaches also and not only in the new coaches?

The Honourable Dr. John Matthai: Yes, Sir, that is an idea we are keeping in mind.

Seth Govind Das: Have they prepared any estimate as to how much it will cost to the Government if they provide fans in Inter and third class coaches?

The Honourable Dr. John Matthai: It will not very materially affect the cost, so that the financial problem is not the most important problem. With reference to the Honourable Member's question, I should like to make it clear that although the final decision for these new coaches has got to be held over until we have a clearer idea, our intention at present is to put into the coaches we are building on the existing designs as many amenities of the kind that the Honourable Member has suggested as possible.

Prof. N. G. Ranga: Is the Honourable Member aware of the fact that a similar coach was put on exhibition and the questionnaire was circulated amongst us as long ago as 1936 and 1937 and even now it is on an experimental stage? And is he also aware of a similar answer given by the Government when we made the suggestion that electric fans should be fitted into these railway carriages and that too is more than ten years old?

The Honourable Dr. John Matthai: I am not in a position to speak for my predecessors, but I mean exactly what I said this morning.

Prof. N. G. Ranga: Is it not, therefore, the duty of the Government to fix some target in order to avoid similar thing happening in the future?

The Honourable Dr. John Matthai: We are very keen on having these new coaches put on the lines on as big a scale as possible. I do not know if it is worth while fixing a target because we are going to do it as quickly as possible.

Seth Govind Das: The Honourable Member said that the financial consideration is not there. May I ask, then, what are the other considerations which are preventing the Government from fixing the fans in the third class and Inter class coaches in this very hot country?

The Honourable Dr. John Matthai: The other consideration which applies to the whole of our coaching problems is the shortage of materials.

Babu Ram Narayan Singh: Instead of using the phrase 'as soon as possible', may I ask whether it is not possible for the Government to fix a time-limit?

The Honourable Dr. John Matthai: If Honourable Members want me to fix a target, if they will give me a little time, I shall be prepared to examine it.

DE-CONTROL OF SALE AND SUPPLY OF SUGAR

1374. *Mr. Ahmed E. H. Jaffer: Will the Secretary of the Food Department be pleased to state

(a) the position of sugar production in India compared to its demand and the approximate date when it will be possible to de-control the sale and supply of sugar,

(b) what the total production of cube sugar was during the year 1946 and what will be its expected production in 1947, and the methods adopted for its proper distribution to the various Provinces, and

(c) the reasons why cube sugar is not freely available in Delhi now?

Mr. K. L. Panjabi: (a) The production of sugar in 1945-46 was 9,50,339 tons. During the current season it is likely to be about nine lakh tons. There is no precise method of ascertaining the demand. The Sugar Panel appointed by the Government in 1945 has estimated it as between 16 and 18 lakh tons. The Government are not in a position to state when the control will be lifted.

(b) The total production of sugar cubes in 1946 was 859 tons and about the same quantity is expected to be produced in 1947. The manufacturers are allowed to sell sugar cubes in their normal markets through normal trade channels.

(c) Sugar cubes are not freely available as the quantity produced is not sufficient to meet the demand.

Mr. Sasanka Sekhar Sanyal: Did the Government consider the question of introducing the control system in the matter of sugar cubes also?

Mr. K. L. Panjabi: It has not been considered, because the quantity produced is very small.

Sri V. Gangaraju: May I ask why the sugar cubes have been excluded?

Mr. President: This question was dealt with at length on a previous occasion.

Mr. Sasanka Sekhar Sanyal: What system Government is considering regarding the sale and supply of sugar to rural areas in a controlled form?

Mr. K. L. Panjabi: The system in the rural areas is that the bulk allocations are made to the provinces, and the provinces out of their quotas set apart certain quantities for the rural areas and certain quantities for the urban areas.

Mr. Sasanka Sekhar Sanyal: Do Government possess any statistics to show that the sugar which was allotted in bulk for the rural areas has really been distributed in the rural areas?

Mr. K. L. Panjabi: That is a matter which is left to the Provincial Governments.

Prof. N. G. Ranga: Has the Government of India no machinery and no responsibility to see that the quantities that are especially allocated for rural areas are distributed among the rural people?

Mr. K. L. Panjabi: We will make inquiries and find out how much quantity out of the provincial quotas is distributed in the rural areas.

Prof. N. G. Ranga: Will Government consider the advisability of adopting the new system that is being introduced in Madras of appointing dealers in rural areas alone through whom the sugar that is allotted to rural areas can be distributed among the rural people?

Mr. K. L. Panjabi: Government will consider the system prevailing in Madras

Mr. Sasanka Sekhar Sanyal: If facts are given to the Government indicating that sugar earmarked for rural areas is actually spent in the urban areas for giving parties to Government high officials, will Government take any action in the matter?

Mr. President: Next question Mr. Tamizuddin Khan

Mr. Tamizuddin Khan: Is the Honourable Secretary aware that the Honourable Member in charge of Industries and Supplies gave an assurance on the floor of the House during the Budget discussion that he will send a recommendation to the appropriate Department to de-control sugar?

Mr. K. L. Panjabi: It is being considered

Mr. Ahmed E. H. Jaffer: May I ask why sugar production has fallen this year as compared with 1945-46? What steps do Government propose to take to see that the production is increased in the current year?

Mr. K. L. Panjabi: I explained on a previous occasion that the steps which have been taken by Government are to increase the price of sugarcane by four annas per maund whereby this will have a salutary effect in increasing production

Sri M. Ananthasayanam Ayyangar: Do Government take care to see that areas which are now being cultivated with cereals are not being converted into sugarcane fields because a higher price is offered for sugarcane?

Mr. K. L. Panjabi: This will be watched

QUOTA OF IRON AND STEEL TO BOMBAY, BENGAL AND PUNJAB

1975. *Mr. Ahmed E. H. Jaffer: (a) Will the Honourable Member for Industries and Supplies be pleased to state the quota of iron and steel allotted to the Provinces of Bombay, Bengal and Punjab for the half-year ending 30th June 1947 and for the 2nd half-year ending 31st December 1947?

(b) On what basis have the quotas allotted been fixed?

(c) Do Government propose to increase the quota allotted for Bombay?

The Honourable Sri C. Rajagopalachari: (a) The Provincial allotments of steel for Bombay, Bengal and Punjab for the half-year ending June 1947 are as follows —

Bombay—10,500 tons

Bengal—19,500 tons

Punjab—10,500 tons

The allotments for the second half-year ending December 1947 are the same

(b) The allotments are based on population, weightage being given to urban population

(c) If the supply position improves, it may be possible to increase the allotments to the Provincial Governments for the third and fourth periods of 1947

Mr. Ahmed E. H. Jaffer: In view of the fact that Bombay is an industrial province, where the housing question is very acute, may I ask whether Government would consider the advisability of increasing the quota for the third and fourth periods for the province of Bombay?

The Honourable Sri C. Rajagopalachari: As I have already said, the urban population is calculated and given a weightage of 3 1 and Bombay City and other urban areas in Bombay will have that advantage and on the basis of that considering the total population of Bombay, 10,500 tons have been fixed. The Provincial allotments, the Honourable Member must remember, are

intended to meet the general public demands including house building, agriculturists, and small fabricators and therefore do not depend on the degree of industrialisation in a particular province. Steel for industrial purposes has been made available through separate allotments for industrial maintenance and steel processing and these allotments depend on the location of industries and not on the provincial quota.

Mr. Ahmed E. H. Jaffer: Is the Honourable Member aware that other provinces receiving higher quota show a surplus of iron which is sent to Bombay to be sold in the black market? May I know what steps do Government propose to take to stop this black market in Bombay?

The Honourable Sri C. Rajagopalachari: It is not the information of the Government that the allotment to other provinces is in excess of requirements and that they find a sale in the black-market in Bombay. We have no reason to believe this and if Honourable Member will supply reliable information, Government will make every effort to enquire into it.

Seth Govind Das: In view of the fact that in other provinces also there are buildings which are not finished will Government see that no weightage is given to Bombay or anywhere and that the present provincial quotas are kept?

The Honourable Sri C. Rajagopalachari: These questions do cut across each other and Government will consider all of them together.

Prof. N. G. Ranga: In view of the fact that the rural population is eight times more than the urban population, why do Government allot three times more to urban areas?

The Honourable Sri C. Rajagopalachari: The allotment is not three times as much for urban areas as for rural areas. The arithmetic is this. The population of the urban area is multiplied by three and then the allotment is made according to the total population of the province with weightage calculated in this manner so that the weightage given to provinces on account of the urban areas is a much smaller addition than what the Honourable Member thinks. Apart from that, Honourable Members must remember that buildings that are built in towns and rural areas are of a different nature and on the whole buildings in urban areas require more steel and that is the reason why a certain weightage is given to urban population.

Prof. N. G. Ranga: Is the Honourable Member aware that in rural areas, people are not able to get iron even for iron bars for windows and doors, and the demand of the rural people for building their houses is much greater today because they have not been able to build any house during the last six years on account of war conditions?

The Honourable Sri C. Rajagopalachari: If it is a question of taking away steel weightage given to the urban population, if Honourable Members give a mandate to Government on that footing, Government will certainly consider it.

Sri T. A. Ramalingam Chettiar: Is the Honourable Member aware that many hospitals and schools are not completed for want of iron and steel materials and large works of a public nature are held up and that many persons who are suffering from diseases are not able to get accommodation on account of the fact that these buildings cannot be completed?

The Honourable Sri C. Rajagopalachari: Yes, Sir. Government are aware that many buildings like hospitals, and other public utilities are suffering for want of adequate supplies of steel, but when we have the whole picture of the necessity for providing housing in rural areas, housing for industrial

workers, for hospitals and all that, Honourable Members will see that the arrangements that we have made are fairly just and in due proportion. Every effort is made to meet the demands of the cultivators first in the provincial quotas and other priorities are fixed more or less fairly in my opinion, but if Honourable Members examine the matter thoroughly and in the Advisory Committee on Industries and Supplies give us their advice in the matter, it will be very carefully considered.

Sri T. A. Ramalingam Chettiar: Will first preference be given to such institutions?

The Honourable Sri C. Rajagopalachari: We cannot give straightaway preferences to such institutions. I do not think the healthy require less windows than the sick.

Sri V. C. Vellingiri Gounder: Are pipes and other agricultural implements included in provincial quotas?

The Honourable Sri C. Rajagopalachari: Yes, Sir. The Agricultural Department came with a long list of articles for which the rural population would be entitled and some amount of consideration is given to them out of the total provincial allotment. I believe this is so, without seeing the papers, that the list of agricultural requirements referred to by the Honourable Member are included in them.

Sri V. C. Vellingiri Gounder: Pipes also?

The Honourable Sri C. Rajagopalachari: Do I take it that the Honourable Member asks whether steel pipes are included in the commodities allotted for agricultural purposes? Very probably, but I should like to look into the matter before answering specifically.

Babu Ram Narayan Singh: What is the quota for Behar?

The Honourable Sri C. Rajagopalachari: I want notice before I can answer the quotas for Behar and other provinces.

AIR-CONDITIONED COACHES ON G I P, B B & C I AND M & S M.

RAILWAYS

1376. *Mr. Ahmed E. H. Jaffer: Will the Honourable Member for Railways be pleased to state the number of air-conditioned coaches on the Great Indian Peninsula, Bombay, Baroda and Central India and Madras and Southern Maharashtra Railways and on what routes these coaches are being run regularly?

The Honourable Dr. John Matthai: The G I P Railway owns two partly air-conditioned coaches.

The B B & C I Railway owns nine partly air-conditioned and one fully air-conditioned broad-gauge coaches and three fully air-conditioned metre gauge coaches.

The M & S M Railway does not own any air-conditioned coaches.

The G I P Railway coaches run between Bombay and Madras on alternate days.

The B B & C I Railway B G coaches run daily between Bombay and Delhi and Bombay and Peshawar.

The B B & C I Railway metre-gauge coaches run between Ajmer and Delhi on certain days of the week.

Mr. Ahmed E. H. Jaffer: In view of the fact that there are only two partly air conditioned coaches on G I P may I know whether there is any possibility of increasing it to fully air-conditioned coaches instead of partly as at present?

The Honourable Dr. John Matthai: We have provided in the current year's programme for building more air-conditioned coaches.

Seth Govind Das: Before any money is spent upon air-conditioned coaches, because air travel is more popular now in this country, will Government see that better third class coaches are built for lower class passengers?

The Honourable Dr. John Matthai: I am generally in agreement with the Honourable Member's suggestion.

Shri Sri Prakasa: Will the Government take away all these air-conditioned coaches and utilise the space for ordinary coaches?

The Honourable Dr. John Matthai: That will not serve any purpose

Mr. Ahmed E. H. Jaffer: May I know why there are no air conditioned coaches on the M & S M Railway and whether there is any possibility of having them there?

Miss Maniben Kara: May I know when the Honourable Member proposes to introduce improved third-class coaches for the poorer people?

Mr. President: That was dealt with in a previous question, perhaps the Honourable Member was not present then

EXPANSION OF SUGAR INDUSTRY IN BOMBAY PROVINCE

1377. *Mr. Ahmed E. H. Jaffer: (a) Will the Secretary of the Food Department be pleased to state whether Government propose to expand the sugar industry in the Bombay Province?

(b) What is the quota of new factories allotted to that Province during the year 1946?

(c) What is the quota proposed to be allotted during the year 1947?

Mr. K. L. Panjabi: (a) Yes, Sir

(b) Two factories

(c) Two factories

Mr. Ahmed E. H. Jaffer: May I know where these two new factories are going to be located?

Mr. K. L. Panjabi: We have asked the Government of Bombay to recommend location and parties

Mr. Ahmed E. H. Jaffer: Will it be decided by the Government of India or by the Bombay Government?

Mr. K. L. Panjabi: By the Government of India

Shri Sri Prakasa: Are the Government of Madras against such factories also?

Mr. President: That does not arise

Sri M. Ananthasayanam Ayyangar: May I know how this figure of two has been arrived at for Bombay? What is the total number of sugar factories that are going to be established in the whole of India?

Mr. K. L. Panjabi: The total number of factories in the expansion scheme is 45

Prof. N. G. Ranga: How many of them will be for Madras?

Mr. K. L. Panjabi: Six units

Sri M. Ananthasayanam Ayyangar: May I know on what basis this allocation is made? Is there a plan which has been approved of by Government?

Mr. K. L. Panjabi: The allocation was made on the basis of a report of the committee on sugar, alcohol and food yeast industries

Prof. N. G. Ranga: When was it appointed and when did it report?

Mr. K. L. Panjabi: It was appointed in 1945 and its report has been published. Government considered the report and made the allocation to provinces

Sri M. Ananthasayanam Ayyangar: Are Government giving any subsidies for establishing sugar factories in provinces where there are no such factories or very few of them?

Mr. K. L. Panjabi: I cannot answer without notice.

TELEPHONE CONNECTIONS IN NEW DELHI

1378. *Shri Sri Prakasa: Will the Secretary of the Communications Department be pleased to state

- (a) the number of telephone connections in New Delhi;
- (b) the number of telephones installed at the residences and offices of members of Government, Secretaries and Deputy Secretaries to Government,
- (c) the number of telephone connections given at the Constitution House,
- (d) whether Government propose to consider the desirability of installing a few telephones in the verandahs of the Constitution House for the use of members, instead of installing one in every room, and
- (e) whether Government propose to consider the desirability of not concentrating so many telephone connections in New Delhi, but distributing them equitably to various other towns where the demand for them though great is not being met?

Mr. Masarrat Husain Zuberi: (a) 5,758.

(b) Residential 127, Office 157

(c) The number of telephones installed at the Constitution House was 99 in December, 1946

(d) This was considered but abandoned since it was felt that it would not be a convenient arrangement. Such common telephones would have to be proscribed for trunk calls in view of the difficulty involved in realising trunk calls charges from the correct person. However, the Government will re-examine the position in the light of the suggestion made by the Honourable Member

(e) The demand for telephones in Delhi including New Delhi is considerable. Technical considerations do not permit of the distribution of telephone equipment as indicated by the Honourable Member

Shri Sri Prakasa: Is it a fact that Government have supplied telephones in every room in the Constitution House at public expense?

Mr. Masarrat Husain Zuberi: I shall require notice, I have no information

Shri Sri Prakasa: Will the Honourable Member take it from me that it is so? Can he explain how it is that those members of the Constituent Assembly who do not live in Constitution House have not been supplied with free telephones?

Mr. Masarrat Husain Zuberi: I think there was a priority fixed for the members of the Constituent Assembly and even members living outside the Constitution House have been provided with telephones

Shri Sri Prakasa: In view of the fact that members of the Constituent Assembly living in Constitution House have been supplied with free telephones, whether they like it or not, will Government now consider the desirability of asking these members whether they would like to continue to have these telephones, and if they do not, supplying these to others instead?

Mr. Masarrat Husain Zuberi: I have already said that I have no information whether the telephone have been supplied free or on the basis of charge; but I am prepared to look into it

Shri Sri Prakasa: If the Honourable Member finds after inquiry that they have been supplied with free telephones will he now charge them?

Mr. Masarrat Husain Zuberi: That will be considered

Mr. Ahmed E. H. Jaffer: Why has this distinction been made between Members of this House and those of the Constituent Assembly? Why should they have free telephones and not those who live in Western Court?

Mr. Masarrat Husain Zuberi: Sir, I have already said that I have no information

INCREASE IN THE AGE LIMIT TO 14 FOR CONCESSION IN RAILWAY FARES

1379. *Mr. Frank R. Anthony: Will the Honourable Member for Railways be pleased to state

(a) whether Government are aware that the Railway Authorities permit concessions in railway fares to children under the age of 12, and

(b) whether Government propose to consider the desirability of raising this age limit to 14, in view of the fact that the Sargent Report envisages compulsory education till the age of 14, and parents will thus be helped considerably in the matter of meeting railway fares involved in the education of their children?

The Honourable Dr. John Matthai: (a) Yes. Government are aware that children under twelve years of age (over three years) are charged half fares on railways.

(b) The age limit of twelve is not related to study concessions. Concessions in rail fares are permitted to school children attending schools of all kinds which are recognised by the Government of the Educational Department of the Province or State in which the schools are situated and to students of colleges affiliated to a recognised University. Consequently, Government do not consider it necessary to alter the age limit up to which all children over three years of age may travel for half fare.

Mr. Frank R. Anthony: May I know the reasons for setting this arbitrary age limit of twelve and not fourteen?

The Honourable Dr. John Matthai: It is in a sense an arbitrary limit but we have taken the figure which is in force in practically all countries which adopt this practice.

Sreejut Rohini Kumar Chaudhuri: May I know how a dispute between a passenger and a ticket collector as regards age is settled and whether the decision of the ticket collector is final?

The Honourable Dr. John Matthai: It is by a process of mutual accommodation.

REVERSION FROM THE INDUSTRIES AND SUPPLIES DEPARTMENT OF DEPUTATIONISTS FROM OTHER DEPARTMENTS AND PROVINCES

†1380. *Mr. Yusuf Abdoolah Haroon: Will the Honourable Member for Industries and Supplies please state

(a) whether it is a fact that deputationists from other Departments of the Government of India or Provincial Governments working in the Industries and Supplies Department are being reverted at the request or otherwise of the lending Departments,

(b) if the reply to Part (a) is in the affirmative, whether it is a fact that Muslims and other minority communities form the majority of those who are so reverted, especially in the Directorate General of Industries and Supplies;

(c) whether it is a fact that Muslims and members of other minority communities occupying senior supervisory, technical (including Stenographers) or specialists' posts are mostly deputationists,

†Answer to this question laid on the table, the questioner being absent

(d) whether it is a fact that Muslims and members of the minority communities holding permanent lien in the Industries and Supplies organization are not sufficiently senior or qualified to replace the deputationists, and

(e) if replies to Parts (c) and (d) above are in the affirmative, whether Government are aware that reversions of Muslims and members of other minority communities will reduce the prescribed communal quota?

The Honourable Sri C. Rajagopalachari: (a) I have stated Government's policy in regard to the reversion of deputationists in my answer to part (a) of Mr Ahmed E H Jaffer's starred question No 1278 on the 31st March 1947

(b) No, Sir Of the twelve persons reverted during the last six months from the Directorate General of Industries and Supplies seven were Hindus, three were Muslims and two were Sikhs

(c) Most senior posts are held by deputationists of one community or another

(d) Yes, Sir If such persons were sufficiently senior and qualified, the present deputationists would not be required

(e) Does not arise in view of facts stated in reply to part (b)

RECALL OF DEPUTATIONISTS BY THE LENDING DEPARTMENTS FROM THE INDUSTRIES AND SUPPLIES DEPARTMENT

1381. *Mr. Yusuf Abdoola Haroon: (a) Will the Honourable Member for Industries and Supplies please lay on the table of the House a tabular statement giving details of requisitions received during the last six months, from the lending Departments recalling their hands and number of persons reverted in each community and grade in the Secretariat and its attached offices separately?

(b) Were the instructions contained in the Home Department Office Memorandum No 92/46-Est(R), dated 24th April 1946 regarding deputationists duly considered in each case of reversion and was protection of *status quo* provided for in the above mentioned Memorandum duly afforded in each case, if not, why not?

The Honourable Sri C. Rajagopalachari: (a) I submit, Sir, it is not in the public interest to publish inter-departmental correspondence of this character. I lay on the table a statement of the total number of requisitions classified Community-wise, but without names

(b) Yes, Sir These instructions were duly considered

Statement showing number of requisitions received in I & S Department during the 6 months ended on 28th February 1947 from lending Departments for the return of their permanent employees

	Hindus	Muslims	Sikhs	Indian Christians	Anglo Indians	Europeans	Total

SECRETARIAT

Number of requisitions	6	3	1	.			10
Number of persons reverted	1	2		..	...	...	3

†Answer to this question laid on the table, the questioner being absent.

—		Hindus	Muslims	Sikhs	Indian Christians	Anglo Indians	Euro- peans	Total
Number of requisitions		47	26	3	4	4	1	85
Number of persons reverted		9	4	3	1			17
Grand Total	Number of requisitions	53	29	4	4	4	1	95
	Number of persons reverted	10	6	3	1	...		20

IMPORT OF AGRICULTURAL MACHINERY

1382. *Seth Govind Das: Will the Secretary of the Department of Agriculture be pleased to state

(a) whether Government are aware of the fact that most of our needs of agricultural machinery are met by import,

(b) whether Government are aware that recently some mechanically operated boring rigs were imported into India by the Central Ground Water Section of the Agricultural Department at a high price, and

(c) the steps that Government are taking to promote the manufacture of agricultural machinery including complicated devices in this country?

Sir Pheroze Kharegat: (a) Power operated agricultural machinery is mostly imported. Annual operated implements and machines are almost wholly available from indigenous sources.

(b) Boring rigs are being imported at competitive prices on the basis of offer received, the average price of a percussion rig is Rs. 50,000 and of a rotary rig Rs. 1,50,000.

(c) The demand for mechanically operated boring rigs is not large enough at present to make their manufacture in this country an economic proposition nor is the necessary type of steel available. But contracts are being given to Indian firms for the manufacture of casing and slotted pipes. The feasibility of manufacturing tractors was examined by the Automobile and Tractor Panel, and their report is being considered and the possibility of utilising Ordnance factories for the purpose is being examined. A start has been made in the manufacture of tractor drawn agricultural implements by an Indian concern in Bombay who have been given a firm order for 1250 implements, valued at over Rs. 20 lakhs.

Seth Govind Das: Are Government aware that even the kind of machinery that is at present imported can be prepared in the Ordnance Factories, particularly in Jubbulpore of which I have knowledge, if proper directions are given?

Sir Pheroze Kharegat: That matter is being looked into in order to ascertain exactly what types of machinery can be prepared at these Ordnance Factories. As soon as that has been ascertained steps will be taken as far as possible to manufacture them here.

Seth Govind Das: Will Government see that no long-term orders are given to foreign countries before knowing what kind of machinery can be easily prepared in India?

Sir Pheroz Kharegat: I do not think any long-term orders have been placed and there is no intention of placing any long-term orders at this stage. We cannot even get what we need for our immediate requirements.

Prof. N. G. Ranga: What action has so far been taken on the grant that was approved of by the Standing Finance Committee to enable Government to appoint an officer to do research in agricultural machinery and devise such machinery as will be useful to Indian conditions?

Sir Pheroz Kharegat: I do not know exactly what the reference is to, but an Agricultural Engineer has been appointed at the Agricultural Institute whose function it is to carry out research on agricultural implements.

Sri M. Ananthasayanam Ayyangar: The Honourable Member said that some factories have been established for producing agricultural implements. May I know how many factories have been established, and where, and what particular factories are specializing in agricultural implements?

Sir Pheroz Kharegat: There are a number of factories in the country which have been manufacturing the ordinary agricultural implements. The special factory to which I was making a reference is the one near Bombay which has taken over an old Ordnance Factory. It has been given a contract for the manufacture of heavy ploughs, cultivators, and other such implements which are required for use with tractors.

Seth Govind Das: Will the Government see that in different agricultural farms some small state factories are established to prepare such machinery which can be easily prepared there?

Sir Pheroz Kharegat: I believe, Sir, that there are quite enough factories in the country for the manufacture of ordinary implements which are required by agriculturists. Many of these are made by village blacksmiths, and in a number of Government farms small workshops have been established. So it is not necessary to take any special measures in that connection.

Prof. N. G. Ranga: Is this Agricultural Engineer an Indian, and has he been to America and England to study the new implements of smaller types and smaller sizes and lower prices and to see whether any of them can be adapted for Indian conditions?

Sir Pheroz Kharegat: He is not an Indian, Sir. He is an Englishman and he has been recently abroad in order to study precisely these matters.

Sri V. C. Vellingiri Gounder: May I ask whether, for the manufacture of agricultural implements of heavy types in the Ordnance Factories mentioned by the Honourable Member, any expert has been appointed, or whether the available hands in India are asked to undertake that work?

Sir Pheroz Kharegat: It is a private firm and they have got their own Engineers and, I believe, they have also attempted or probably have succeeded in obtaining some experts from outside India as well.

Sri V. C. Vellingiri Gounder: Are these Ordnance Factories under the control of Government?

Sir Pheroz Kharegat: This work is not being done by an Ordnance Factory as such. This particular Ordnance Factory has been taken over on lease by this private firm for the purpose.

Sri V. C. Vellingiri Gounder: Will the Government consider the desirability of getting foreign experts because our knowledge of agricultural engineering is very poor? From all our Provincial Governments, we

Mr. President: The Honourable Member will put his question and not argue.

Sri V. C. Vellingiri Gounder: Will the Government consider the desirability of importing foreign agricultural engineers, for a limited period?

Sir Pheroze Kharegat: Yes, Sir. When the question of appointing agricultural engineers is considered, we will take the best men we can get and if we have to import foreign experts we shall take them for a limited period, such as three years, and in the meantime try to train up our own men for that sort of work.

Sri V. C. Vellingiri Gounder: Will the Government appoint experienced engineers in service so that these experienced men may get better knowledge of the working of agricultural machinery suitable to our conditions?

Sir Pheroze Kharegat: Certainly, that is precisely what we are hoping to do.

NATIONALISATION OF CIVIL AVIATION

1382. *Mr. Tamizuddin Khan: Will the Secretary of the Communications Department be pleased to state

(a) whether Government have examined the question of nationalisation of Civil Aviation after it was discussed in the Assembly in its last autumn session;

(b) if so, with what result, and

(c) if Government have not reached any final decision in the matter, when they expect to come to such a decision?

Mr. Masarrat Hussain Zuberi: The Honourable Member is referred to the reply, I gave to Mr. Ahmad Jaffer's Starred Question No. 1192 on 26th March, 1947.

Mr. Tamizuddin Khan: May I ask how soon it will be possible for the Government to consider this matter and come to a decision?

Mr. Masarrat Hussain Zuberi: As soon as possible.

RESERVATION OF MILL YARN FOR HANDLOOM WEAVERS

1384. *Maharajkumar Dr. Sir Vijaya Ananda: Will the Honourable Member for Industries and Supplies be pleased to state the steps that have been taken by Government to implement the recommendation of the Assembly, that at least 83½ per cent of the total mill yarn production should be placed at the disposal of the hand-loom weavers?

The Honourable Sri C. Rajagopalachari: As I indicated in this House during a recent debate on a cut motion about yarn for handlooms, I am endeavouring to secure the allocation to handlooms of 83 per cent of mill yarn production, and to get a scheme through for increased hand spun yarn.

APPOINTMENT OF A NON-OFFICIAL CHAIRMAN TO HANDLOOM BOARD

1385. *Maharajkumar Dr. Sir Vijaya Ananda: Will the Honourable Member for Industries and Supplies be pleased to state whether Government propose to consider the desirability of appointing a non-official Chairman and a non-official vice-Chairman to the Handloom Board?

The Honourable Sri C. Rajagopalachari: Yes, Sir, it will be considered.

**PROVISION OF OVERHEAD BRIDGE OVER LEVEL CROSSING AT KOREGAON ROAD
POONA**

†1386. ***Mr. Ahmed E. H. Jaffer:** Will the Honourable Member for Railways be pleased to state

(a) whether Government are aware that there is no over-head bridge over the Railway level-crossing at Koregaon Road, in Poona resulting in inconvenience to people who are held up at the level-crossing for a long time when the trains are about to pass;

(b) whether it is a fact that this question has been the subject of correspondence between the Railway Board, Government of Bombay and the Poona Municipality and if so, what the result of these negotiations is,

(c) whether Government propose to place the whole correspondence on the table of the House; and

(d) what steps Government propose to take to have an over-head bridge constructed over the level-crossing?

The Honourable Dr. John Mathai: (a) Yes

(b) No

(c) Does not arise

(d) The matter rests with the Government of Bombay who agreed to share the cost of construction and maintenance of an overbridge last year, but have now postponed the work

**DELEGATIONS TO INTERNATIONAL CONFERENCES SENT BY THE AGRICULTURE
DEPARTMENT**

†1387. ***Mr. Vadilal Lalubhai:** Will the Secretary of the Department of Agriculture please state the number of Delegations sent abroad by his Department to participate in various international conferences, the personnel thereof, and the basis of their selection?

Sir Pherose Kharegat: During 1946-47 no delegations were sent by the Food Department. Two delegations were sent by the Department of Agriculture, one to attend the Food and Agriculture Organisation Conference at Copenhagen and the other to participate in the deliberations of the Preparatory Commission on the World Food Board Proposals at Washington. A delegation was also sent to the Agricultural Primary Producers Conference called by the National Farmers Union.

A statement showing the personnel of the delegations is placed on the table.

The personnel was selected by Government on the basis of their special qualifications for the work to be undertaken. The representatives from Indian States were selected in consultation with the Political Department.

Statement

Personnel of the Indian Delegation to the Second Session of the Food and Agriculture Organisation Conference held at Copenhagen from the 2nd to 14th September 1946

Leader—Sir J. P. Srivastava, KCSI, K.B.E

Alternate—Mr D R Sethi, CIE, IAS, Agricultural Development Commissioner, Govt. of India

†Answer to this question laid on the table, the questioner having exhausted his quota

†Answer to this question laid on the table, the questioner being absent

Associates—

Prof. N. G. Ranga, M.L.A. (Central).

Khan Abdul Ghafar Khan, M.L.A., (Central) Mr S. Basu, C.I.E., I.C.S., Secretary to the Government of Bengal, Department of Agriculture, Forestry and Fisheries.

Representatives of Indian States—

Mr C. Parameswaran Pillai

Dr. Radha Kamal Mukherjee

Advisers—

Dr. Bansi Prasad, D.Sc., O.B.E., Fisheries Development Adviser to the Govt. of India, Department of Agriculture

Dr. V. K. R. V. Rao, Planning Adviser, Department of Food

Mr E. Ramiah, Director, Rice Research Institute, Cuttack

Mr D. Stewart, I.F.S., President, Forest Research Institute and Colleges, Dehra Dun.

Dr. G. Sankaran, All-India Institute of Public Health and Hygiene, Calcutta
Secretary—Mr W. H. J. Christie, C.I.E., O.B.E., I.C.S.

2 Personnel of the Indian Delegation to the Food & Agriculture Organisation Preparatory Commission on World Food Problems

Leader—The Hon'ble Dr. K. N. Katju, Minister for Justice and Development, United Provinces

Alternate—Sir S. V. Ramamurti, K.C.I.E., I.C.S. Chief Secretary to the Government of Madras

Adviser—Mr A. D. Gorwala, C.I.E., I.C.S. Supply Commissioner and Secretary to Government, Bombay

Prof. C. N. Vakil, University of Bombay

Choudhury Mukhtar Singh, Vigyan Kala Bhavan, Meerut City

Dr. Radha Kumud Mookerji, Professor, Lucknow University

Dr. V. K. R. V. Rao, Food Adviser to the Agent General for India, Washington

Dr. Radha Kamal Mukherjee, Economic Adviser, Gwalior State

Mr. G. Parameswaran Pillai, Reconstruction Officer, Travancore State

Secretary—Mr A. Ahmed, O.B.E., I.C.S., Deputy Secretary to the Government of India, Department of Agriculture

(3) Delegation to the International Agricultural Producers' Conference, London

(1) Prof. N. G. Ranga, M.L.A., (Central) President, Federation of Indian Rural Peoples Organisations, New Delhi

(2) Khan Bahadur Sardar Habibullah Khan, Barrister-at-Law, Secretary, The Punjab Chamber of Agriculture, Lahore

EUROPEANS IN THE DEPARTMENT OF INDUSTRIES AND SUPPLIES

1388. *Mr. G. B. Dani: Will the Honourable Member for Industries and Supplies please state—

(a) the number of Europeans in his department; and

(b) their designations, salaries and the tenure of their appointments?

The Honourable Sri O. Rajagopalachari: (a) The number is 53, excluding those employed in the India Store Department, England and the India Supply Mission, U.S.A., whose numbers are not readily available here now.

(b) A statement is laid on the table. The tenure varies with the rules of service or with the contract applicable to individual cases.

Statement showing number of Europeans employed in the Industries and Supplies Department, and the Designation and Salary Scales of their Post.

S. No.	Designation of Post	Salary Scale
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SECRETARIAT

		Rs.
1	Secretary	4,000
2	Joint Secretary	3,000 plus S O, P £ 13-8-6
3	Deputy Secretary	Senior Scale of I C, S plus 400 special pay.
4	Do. . . .	Do.
5	Do	Do.
6	Private Secretary to Secy ,	300

ATTACHED OFFICES

(Chief Technical Adviser (Fertilizer Project)

7	Chief Technical Adviser (F P)	2,750—125—3,250
8	Deputy Director (Planning) (Fertilizer Project)	1,225 plus S P Rs.200

DIRECTORATE GENERAL, INDUSTRIES & SUPPLIES

9	Deputy Director General (Inspection) .	2,950—100—3,750
10	Director of Inspection	2,000—100—2,300
11	Controller of Inspection	1,800—75—1,950
12	Dy Metallurgical Inspector, Burnpur . .	1,350—75—1,550
13	Controller of Inspection	1,800—75—1,950
14	Development Officer. . . .	1,800
15	Asstt. Inspecting Officer, Engineering	500

S. No	Designation of Post	Salary Scale
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DIRECTORATE GENERAL, DISPOSALS

		Rs
16	Director General of Disposals	3,000 + S. O P. £ 13-6-8
17	Deputy Director General	2,250 -100 -2,750
18	Do	Do
19	Officer on Special Duty, Assam	1,600 -4 -0
20	Director	1,250 -50 -1,500 -60 -1,800
21	Do	Do
22	Do	Do
23	Do	Do
24	Do	Do
25	Do	Do
26	Deputy Director	750 -35 -925 -50 -1,275 plus S O P £ 25
27	Lady Receptionist	215 -15 -230
28	'B' Grade Clerk	90
29	Steno_rapher (Assam Region)	200
30	P. A. to Regional Commissioner, Bombay	300
31	'A' Grade Clerk	100

IRON AND STEEL CONTROL

32	Iron & Steel Controller	1 p a
33	Regional Deputy Iron & Steel Controller	1,800 p m
34	Director	1,750 p m
35	Director, Tool & Alloy Steel	1 p a
36	Deputy Iron & Steel Controller	Do

S. No.	Designation of Post	Salary Scale
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COAL COMMISSIONER

		Rs.
37	Coal Commissioner	3,750
38	Assistant Coal Commissioner, (Stores) .	1,800 plus S. P. 300
39	Deputy Coal Commissioner (Production) & Chief Mining Engineer (Railway Board)	2,750—125—3,000 + S.O.P. £ 13-6-8 plus S.P. 500
40	Superintendent of Collieries Giridih	2,200—100—2,500 + S.O.P. £ 13-6-8
41	Assistant Superintendent of Collieries .	1,250—50—1,500
42	Superintendent of Collieries	2,200—100—2,500 + S.O.P. £ 13-6-8
43	Regional Coal Commissioner (Distribution), Bengal & Bihar.	1,500—100—1,800 + S.P. 250
44	Deputy Coal Commissioner, (Distribution) . .	1,250—50—1,500 + S.O.P. £ 30 plus S.P. 450
45	Electrical & Mechanical Engineer, Giridih	800—50—1,150 plus S.O.P. £ 30 plus S.P. 400
46	Do Kargah	800—50—1,150
47	Officiating Manager, Pouri Hill Colliery .	750—850—950
48	Assistant Coal Commissioner	800—50—1,200 plus S.P. 100

DIRECTOR, SHIPBUILDING AND REPAIRS

49	Director of Shipbuilding and Repairs	1,817 + pension 883 + S.P. 300
50	Administrative Officer .	325 + pension 325
51	Overseer	1,500
52	Supervisor	1,000—50—1,200
53	Do	Do

Prof. N. G. Ranga: Is any effort being made to reduce their numbers by not renewing their tenures of office when they come to close?

The Honourable Sri O. Rajagopalachari: Yes, Sir, Every effort is made and we have only 408 days before June 1948. I would like the Honourable Member to keep an eye on that rather than on smaller matters.

Sri M. Ananthasayanam Ayyangar: May I know how many of these are superannuated men already?

The Honourable Sri O. Rajagopalachari: It is only when considerable experience is at the back of any person it is found necessary to keep him, and so they may look superannuated but often that is the very reason why they are retained.

Sri M. Ananthasayanam Ayyangar: I wanted the number, not an explanation.

The Honourable Sri O. Rajagopalachari: I cannot give the number without notice.

Shri Sri Prakasa: How does the Honourable Member fill up the gap when a very very experienced man passes away?

The Honourable Sri O. Rajagopalachari: The gap is attempted to be prepared for by the next man, who takes his place when he passes away.

POSTS OF DEPUTY CONTROLLERS AND CHIEF CONTROLLERS HELD BY HINDUS, MUSLIMS AND ANGLO-INDIANS IN THE G I P RAILWAY

†1389. ***Sri A. K. Menon:** Will the Honourable Member for Railways be pleased to state the number of posts of Deputy Controllers and Chief Controllers in the Great Indian Peninsula Railway and how many of these posts are held by Muslims, Hindus and Anglo-Indians?

The Honourable Dr. John Matthai: The number of posts of Deputy Controllers and Chief Controllers on the G I P Railway is 29 and six respectively. I lay on the table a statement showing the communal composition of these posts.

Statement showing the communal composition of the posts of Deputy Controllers and Chief Controllers on the G I P Railway

29 Posts of Deputy Controllers

1	By Anglo-Indians (including Domestic Europeans)	14
2	By Hindus	8
3	By Muslims	1
4	By Jews	1
5	By Indian Christians	5

6 Posts of Chief Controllers.

1	By Anglo-Indians (including Domestic Europeans)	
2	By Europeans	
3	By Hindus	

†Answer to this question laid on the table, the questioner being absent.

CHANCES OF PROMOTION AS CHIEF CONTROLLER OF HINDU AND MUSLIM DEPUTY CONTROLLERS ON THE G. I. P. RAILWAY

1390. *Sri A. K. Menon: Will the Honourable Member for Railways be pleased to state whether it is a fact that though the Muslim and Hindu Deputy Controllers in the Great Indian Peninsula Railway possess longer terms of service than Anglo-Indians, they have no chances of becoming Chief Controllers before they retire? If so, why?

The Honourable Dr. John Matthai: No. The posts of Chief Controllers are Selection posts and selection is made on merit by a Selection Board irrespective of communal considerations. The latter portion of the question does not arise.

VETERINARY AND ANIMAL HUSBANDRY GRADUATES

1391. *Mr. Mohammad M. Killeidar: Will the Secretary of the Department of Agriculture please state

(a) what steps Government are taking to encourage young men to take Veterinary and Animal Husbandry as a career, and

(b) what is the present scale of pay of Veterinary and Animal Husbandry Graduates in the Centrally Administered Areas?

Sir Pherose Kharegat: (a) In the two years 1945-47 the Central Government awarded 21 scholarships for training overseas in Animal Husbandry and Veterinary Science.

(b) The scales of Assistant Surgeons in the Centrally Administered areas are as follows --

Baluchistan—Rs. 100—4—200 (Senior)

Rs. 60—3—90 (Junior)

Ajmer-Merwara—Rs. 80—5—160

Coorg—Rs. 75—7½/2—108—15/2—150

In Delhi Veterinary Assistant Surgeons are deputed from the Punjab Veterinary Service and get the same scale of pay as is admissible in the Punjab. This was Rs. 80—7—150—7—185—8—225 but has recently been revised to Rs. 100—10—300.

NUMBER AND LOCATION OF NATIONAL LABORATORIES IN INDIA

1392. *Mr. Shah Nasar Hasan: (a) Will the Honourable Member for Industries and Supplies please state the number and location of National Laboratories in India?

(b) How many of them are located in Bengal, Punjab, Sind, North-West Frontier Province and Baluchistan?

(c) What are the reasons for transferring the fruit laboratory from Lyallpur to Delhi?

The Honourable Sri C. Rajagopalachari: (a) and (b) There are six such laboratories, namely

(i) A National Physical Laboratory at Delhi,

(ii) A National Chemical Laboratory at Poona,

(iii) A National Metallurgical Laboratory at Jamshedpur,

(iv) A Central Glass & Ceramic Research Institute at Calcutta,

(v) A Fuel Research Institute at Dhanbad, and

(vi) A Road Research Institute

The place of its location is under consideration

† Answer to this question laid on the table, the questioner being absent

(c) The fruit laboratory is proposed to be transferred from Lyallpur to Delhi, because the buildings at Lyallpur belong to the Provincial Government, who wanted them for their own use, moreover there was no room for the expansion of the existing laboratories. Further, Delhi was considered a more convenient centre for the purpose.

Sri Sri Prakasa: What is the exact meaning of the word 'national' when prefixed to laboratory?

The Honourable Sri C. Rajagopalachari: Serving the entire country—India—as distinct from province.

Sri V. C. Vellingri Gounder: Are fruits more in abundance in Delhi than in Lyallpur?

The Honourable Sri C. Rajagopalachari: The fruit laboratory is not necessarily to be in the midst of abundance, but it must have certain facilities which should be available near at hand along with fruits.

Sri M. Ananthasayanam Ayyangar: May I ask the Honourable Member if the National Laboratories that he has mentioned include the Council of Industrial Research at Delhi?

The Honourable Sri C. Rajagopalachari: These National Laboratories are laboratories founded by the Council of Scientific and Industrial Research. The headquarters of the Council of Scientific and Industrial Research is at Delhi. A part of it relating to Chemical research will be transferred when the Poona Laboratory is ready to receive that part.

Sri M. Ananthasayanam Ayyangar: For using or prefixing the word "National" to laboratories may I know if the Government is directly in charge of these laboratories?

The Honourable Sri C. Rajagopalachari: I do not see the connection between national or any other prefix and the question. But I will try to answer what is probably at the back of the mind of the Honourable Member. All these National laboratories are to serve the whole of India as distinct from provinces. As for Government management, Government thinks that scientific laboratories should be managed by the Council of Industrial and Scientific Research, of which the Member in charge of Industries and Supplies happens to be the *ex-officio* chairman.

Sri M. Ananthasayanam Ayyangar: Has the Honourable Member received notices of resolutions and complaints regarding this Council of Industrial and Scientific Research?

The Honourable Sri C. Rajagopalachari: I do not wish to admit all that has been put into the question. Though there are complaints whenever there is a readjustment of posts and jobs in any office, I have not received any complaint about scientific research as such.

Prof. N. G. Ranga: In regard to the constitution of this Council, has adequate representation been given to the Scientists in this country who are organized into two organizations?

At one time I believe there were two rival organisations, but I do not know whether they are rivals still.

The Honourable Sri C. Rajagopalachari: I would very respectfully urge that questions be not put about eminent scientists without accurate information. They would resent these remarks about rival organizations.

Prof. N. G. Ranga: I took care to say whether they are still rivals. They used to be rivals and I was given an assurance on the floor of this House

Mr. President: Their rivalries *inter se* are not the concern of this House

Prof. N. G. Ranga: But my point is that there are two organisations of scientists

Mr. President: The question need not be answered

Sri M. Ananthasayanam Ayyangar: What steps has the Honourable Member taken to consider the needs of various scientists who have been in these laboratories? Have they been afforded good facilities by the heads of those departments?

The Honourable Sri C. Rajagopalachari: If the Honourable Member is referring to facilities for research, I am in a position to say that the Council is giving every facility for research of importance and utility. As regards the other grievances about their pay and other matters, that is a different thing.

Sri M. Ananthasayanam Ayyangar: Has the Honourable Member received various complaints that the more and more intelligent of the junior research workers have not been offered facilities on account of mere jealousy?

Mr. President: Order, order

The Honourable Sri C. Rajagopalachari: Beyond vague charges of this kind, I have not received any complaints.

CONTROL OF PRICES OF COCONUT COPRA AND COCONUT OIL

1393. ***Prof. N. G. Ranga:** Will the Honourable Member for Industries and Supplies be pleased to state:

(a) whether Government are aware of the control imposed over movements and prices of coconut, copra and coconut oil,

(b) when it was imposed and for what purposes,

(c) what were the prices ruling in the market at the time of imposing these controls and what were the control prices and what are the present control prices ruling in Malabar and Madras markets,

(d) whether Government are aware that these controls have only resulted in greater difficulties for consumers in getting supplies of coconut, copra, and oil, and

(e) whether Government propose to consider the advisability of removing these controls?

The Honourable Sri C. Rajagopalachari: (a) Yes, Sir

(b) So far as Madras is concerned, control over movements of coconut oil and copra was imposed from January 1947. These restrictions have been imposed with a view to make the price control effective.

(c) A statement is placed on the table giving prices of copra and coconut oil at Cochin and price of coconut oil at Madras before and under control.

(d) Government have been told by a deputation from Cochin that this is so. But at the same time the growers' representative in the deputation was willing to have the present control prices provided the arrangement was stabilised for a long period like ten years as that would ensure a fair price for coconuts during that period.

(e) Government have invited the views from the Governments of Madras, Travancore, Cochin and Mysore on the working of the existing coconut oil and copra controls in their respective areas and on the effect of the recent decontrol of other oils on coconut oil. The question of decontrolling these commodities will be considered in the light of their views.

Statements showing the prices of Copra and Coconut Oil before the enforcement of the Control

—	Month 1946	Copra per ton	Coconut oil (without containers) per ton
(1)		Rs a p	Rs a p.
(i) COCHIN—	June . . .	1,233 0 0	1,883 12 0
	July . . .	1,325 8 0	1,952 4 0
	August .	1,352 14 0	2,041 5 0
	September	1,459 0 0	2,252 0 0
	November	1,678 4 0	2,387 4 0
	December	1,507 0 0	2,123 9 0
(ii) MADRAS—	June		1,777 11 0
	August .		2,046 13 0
	September 11th		2,110 10 0
	October .		2,338 0 0
	November .		2,354 8 0
	December .		2,415 10 0

(II) Ceiling prices of copra and coconut oil fixed by Central Government with effect from the 15th December 1946

—	Maximum Price per ton	
	Copra	Coconut oil (without containers)
	Rs.	Rs.
Cochin . . .	884	1,390
Madras . . .	936	1,456
Bombay . . .	934	1,462
Calcutta . . .	978	1,483
Karachi . . .	948	1,475

Prot. N. G. Ranga: Were these controls imposed on the initiative of the Central Government or the Provincial Governments?

The Honourable Sri C. Rajagopalachari: It was decided upon after consultation with the Governments of Madras, Travancore, Cochin and Mysore.

Shri Sri Prakasa: Has the Honourable Member fixed any dates for these reports to come in and is he not going to consider the matter if the reports do not come?

The Honourable Sri C. Rajagopalachari: When we consult the Governments of Madras, Travancore, Cochin and Mysore, we cannot fix a date limit in the very first letter

OPENING OF VILLAGE POST OFFICE AT SATROD KHURD AND KHAS IN HISSAR DISTRICT

†1394. *Pundit Thakur Das Bhargava: Will the Secretary of the Communications Department please state

(a) whether applications have been received by Government during the last four years from Satrod Khurd and Khas villages in the Hissar District of the Punjab for opening a Post Office for these villages;

(b) whether any inquiry was ever made in respect of the desirability of opening such a Post Office;

(c) what the population of the villages is and the number of letters, money orders and other communications that are received in the said villages,

(d) the policy of Government in regard to opening new Post Offices for rural areas, and

(e) whether Government propose to consider the desirability of opening a Post Office at Satrod?

Mr. Masarrat Husain Zuberi: (a) and (b) Yes

(c) Population of Satrod Khurd is 3,049 and that of Satrod Khas 2,649. The total number of letters, money orders and other communications received during a month by Satrod Khurd is 152 and by Satrod Khas 312

(d) Post Offices are opened when they are considered administratively necessary or when requests are made by members of the public, provided that the offices do not work at a loss above the limit prescribed, namely, Rs 300 per annum

(e) The matter is already under consideration

GOVERNMENT SUBSIDY TO THE ORISSA FLYING CLUB AT BHUBANESHWAR

1395. *Sri Bhagirathi Mahapatra: (a) Will the Secretary of the Communications Department please state if it is a fact that the Government of India have not included the Orissa Flying Club situated at Bhubaneswar in the Subsidy List for 1946-47 even though the Club has been functioning? If so, why?

(b) Are Government aware that the said Club is the only Flying Club in the Country which has taken up a course of comprehensive training of commercial Pilots, Navigators, Ground Engineers and Radio Operators with the object of easing the position of the air line personnel in India in the course of two years?

(c) Do Government propose to pursue the same course in regard to the Flying Club in the budgetary provision for the year 1947-48?

(d) Do Government propose to include the Orissa Flying Club in the list for 1946-47 for subsidy and for substantial capital grant?

Mr. Masarrat Husain Zuberi: (a) The Government of India have called for a report on the working of the Orissa Flying Club. The grant of a subsidy to the Club will depend on this report

(b) No. The report referred to in reply to part (a) will include particulars on the training given by the Club.

(c) and (d) The Government of India will take a decision after the report is received

† Answer to this question laid on the table, the questioner being absent.

**OFFICIALS AND CLERKS BELONGING TO URBAN AND RURAL AREAS EMPLOYED
IN THE DEPARTMENT OF INDUSTRIES AND SUPPLIES**

1396. *Chaudhri Sri Chand: Will the Honourable Member for Industries and Supplies please state:

(a) the number of officials and clerks in his Department and attached offices at Delhi, and

(b) the number of officials and clerks belonging to the (i) Urban and (ii) Rural areas?

The Honourable Sri C. Rajagopalachari: (a) The number of gazetted officers of the Industries and Supplies Department stationed at Delhi is 255 and that of non-gazetted ministerial staff 2,912

(b) The information is not readily available and the labour involved in collecting it by special interrogation would not, I submit, be commensurate with the result to be achieved whatever it may be

Chaudhri Sri Chand: What is that labour which Government cannot provide?

Mr. President: Order, order. It need not be answered. The Honourable Member put a similar question a few days back.

Sri M. Ananthasayanam Ayyangar: May I know from the Honourable Member how far his Department has increased in numbers both in gazetted officers and others since 1939?

The Honourable Sri C. Rajagopalachari: The staff have increased since 1939 in the department as a whole. If figures are wanted, I submit that I should be given notice. Here I was concentrating on urban and rural distinctions.

Sri M. Ananthasayanam Ayyangar: Are any steps being taken to reduce the number?

The Honourable Sri C. Rajagopalachari: Yes, Sir. Very active steps have been taken to reduce the number, much to the discontent of the staff concerned.

Prof. N. G. Ranga: Is he aware that in the Punjab such a distinction is made and special encouragement is sought to be given to the people who hail from rural areas?

The Honourable Sri C. Rajagopalachari: I am not aware of it. It is very interesting. But in the records here we have no information as to who is rural or urban, and a boy who is rural becomes urban when he goes to school.

Chaudhri Sri Chand: Is Government ready to keep in mind in future that rural people should be employed?

The Honourable Sri C. Rajagopalachari: If they are qualified and if they pass the Public Services Examination and get over other hurdles, they will be employed. But the Honourable Member must know that really there is no such person as rural or urban. Most boys are urban but really rural in heart.

Mr. President: He may put the next question.

**OFFICIALS AND CLERKS BELONGING TO URBAN AND RURAL AREAS EMPLOYED
IN THE RAILWAY AND TRANSPORT DEPARTMENTS AND ATTACHED
OFFICES**

1397. *Chaudhri Sri Chand: Will the Honourable Member for Transport please state:

(a) the number of officials and clerks separately in the Railway and Transport Departments and their attached offices at Delhi; and

(b) the number of officials and clerks belonging to the (i) Urban and (ii) Rural areas?

The Honourable Dr. John Matthai: (a)

	Railway Department	Transport Department
Officials	68	49
Clerks	604	295

(b) The information asked for is not readily available and the time and labour involved in collecting it would be incommensurate with the value of the results

OFFICIALS AND CLERKS BELONGING TO URBAN AND RURAL AREAS EMPLOYED IN THE AGRICULTURE DEPARTMENT AND ATTACHED OFFICES

1398. *Chaudhri Sri Chand: Will the Secretary of the Department of Agriculture please state

(a) the number of officials and clerks in his Department and attached offices at Delhi, and

(b) the number of officials and clerks belonging to the (i) Urban and (ii) Rural areas?

Sir Pheroze Kharegat: (a) 578

(b) In the absence of well defined criteria for classifying people as belonging to urban or rural areas, the information asked for by the Honourable Member cannot be collected, but it is estimated that a little more than half of them were living in urban areas and a little less than half in rural areas at the time of their appointment

Prof. N. G. Ranga: In view of the fact that this particular Department is specially amendable to encouraging agriculturists or those who are from the agricultural classes, will Government consider the advisability of giving special preference to those graduates and other experts who are from the agriculturists themselves so that they may be able to take greater interest in research and other work which they have to carry on in this Department?

Sir Pheroze Kharegat: Yes, Sir So far as research and agricultural demonstration are concerned that has always been the policy of the Government and it will continue to be so

OFFICIALS AND CLERKS BELONGING TO URBAN AND RURAL AREAS EMPLOYED IN THE FOOD DEPARTMENT AND ITS ATTACHED OFFICES

1399. *Chaudhri Sri Chand: Will the Secretary of the Food Department please state

(a) the number of officials and clerks in his Department and attached offices at Delhi, and

(b) the number of officials and clerks belonging to the (i) Urban and (ii) Rural areas?

Mr. K. L. Panjabi: (a) Officers—126, Staff—910

(b) The classification of officers and staff as belonging to the urban or rural areas has been made on the basis of place of birth It is as under

	Officers	Staff
Urban	93	551
Rural	33	359
Total	126	910

Prof. N. G. Ranga: Sir, may I repeat the same question which I put to the Secretary of the Agricultural Department and may I ask the Government to take the same attitude in regard to the encouraging of graduates and scientists who hail from agricultural classes?

Mr. K. L. Panjabi: May I give the same reply as was given to the previous question, *viz*, that the suggestion will be considered

Sri M. Ananthasayanam Ayyangar: On what basis has the Honourable Member classified the people into urban and rural?

The Honourable Sri C. Rajagopalachari: On the basis of place of birth

Shri Sri Prakasa: May I ask as to how it is that the Food Secretary was able to give this information without undergoing all the labour that the representatives of other Departments said was necessary to give the same and who, therefore, declined to give the necessary information?

Prof. N. G. Ranga: Because the Honourable Member is a Punjabi and he understands the system in the Punjab

Shri Sri Prakasa: They should then put Punjabis in all these offices!

REPORTED SUICIDE OF SARDAR AJIT SINGH, DEPUTY CONTROLLER OF RATIONING, DELHI

1400. *Babu Ram Narayan Singh: (a) Will the Secretary of the Food Department please state if the attention of Government has been drawn to the news published in the issue of the *Hindustan Times* of the 15th March 1947 regarding the suicide of late Sardar Ajit Singh, the Deputy Controller of Rationing, Delhi and if so, do Government propose to enquire into the causes of the said suicide?

(b) Is it a fact that a letter, dated 14th March, 1947 mentioning the reasons for suicide was found in the pocket of the shirt worn by the late Sardar Ajit Singh, and if so, do Government propose to enquire into the truth of the contents of the said letter?

Mr. K. L. Panjabi: (a) and (b) Government have seen the report mentioned by the Honourable Member. This unfortunate man was an official of the Food Department and in 1946 was sent on deputation as Deputy Director of Rationing under the Delhi Administration. Early this year he wished to give up that appointment and to revert to the Food Department, where a vacancy had occurred in the post of Deputy Director in the Procurement Branch. Both posts bear the same designation but the cadre of the Food Department is not common with that of the Delhi Administration, and in accordance with established practice, the cases of various officers, including five others, who were senior to Sardar Ajit Singh at the time of his deputation to the Delhi Administration, were put up before a staff Selection Committee. Sardar Ajit Singh's case was also referred to that Committee. The Committee interviewed all the officers and recommended an officer senior to Sardar Ajit Singh. This recommendation was accepted by the Honourable Member for Food. Numerous representations from and on behalf of the deceased were received and the case was again fully considered in all detail and the Honourable Member decided to confirm his previous order. Soon after Sardar Ajit Singh committed suicide and in a note left behind by him he stated that he was committing suicide as he could not put up with injustice shown to him by the Food Department. It appears that he was labouring under an acute sense of grievance against the decision to select another candidate for the appointment he had applied for. I regret that the case should have had this tragic ending but no case could have been more fully considered at every stage from the Deputy Secretary upwards. It must happen that the ideas of a party, who is personally interested, as to what constitutes justice will not always coincide with those of the appointing authority which has to take all claims into consideration.

RUNNING OF PATNA BOGEY FROM CHAIBASA INSTEAD OF JAMSHEDPUR

1401. *Babu Ram Narayan Singh: Will the Honourable Member for Railways be pleased to state—

(a) whether Government are aware that the Patna Bogey from Jamshedpur always misses connecting trains and is delayed for about twelve hours at Asansol, and if so, whether Government propose to consider the desirability of remedying the trouble,

(b) whether any inter and third class compartments are attached to the Patna bogey from Jamshedpur and if not, the reasons therefor,

(c) whether Government have received any representation from the people of Chaibasa requesting for starting the Patna bogey from Chaibasa instead of from Jamshedpur and if so, with what result, and

(d) whether Government propose to consider the need of the people of Bihar for running a through train between Patna and Chaibasa?

The Honourable Dr. John Matthai: (a) The E I Railway Administration report that the Patna-Tatanagar (Jamshedpur) through service carriage has on occasions missed connection at Asansol due to the late running of 12 down train to which this carriage is attached. Extra time has lately been provided for the connection at Asansol to minimise the chances of mis-connection.

(b) Accommodation for first, second and inter class passengers exists in the Patna-Tatanagar (Jamshedpur) through service carriage. There is no room on this train for an extra through service carriage to be attached to provide accommodation for third class passengers.

(c) It has not been possible to obtain necessary information in time. The information when received will be placed on the table.

(d) Traffic offering does not justify the running of a through train between Patna and Chaibasa.

Babu Ram Narayan Singh: As regards the running of a through train from Chaibasa to Patna, will the Honourable Member consider the difficulties that people have to undergo in travelling from Chaibasa to Patna?

The Honourable Dr. John Matthai: The difficulty is that we are rather short of coaches and we have got to provide accommodation for such traffic as is really important in respect of which the situation is really acute.

Babu Ram Narayan Singh: Is not the Honourable Member aware that between Chaibasa and Patna there is no direct connection, although both the places belong to the same province and that it is very difficult to travel from one place to the other? The Honourable Member himself must have had the same experience.

The Honourable Dr. John Matthai: Yes, Sir. I am very familiar with that part of the country and I am quite aware that there is no through connection between the two places mentioned. But in spite of that we are not in a position at present to help the Honourable Member in that matter.

REPRESENTATIONS FROM COLLIERIES ASSOCIATIONS OF DHANBAD re SUPPLY OF WAGONS

1402. *Babu Ram Narayan Singh: Will the Honourable Member for Railways be pleased to state whether Government have received representations from the Collieries Associations of Dhanbad and other places demanding a sufficient supply of wagons? If so, what action has been taken thereon?

The Honourable Dr. John Matthai: I would refer the Honourable Member to the reply given on the 10th March, 1947, to his starred question No. 823 which covers this question.

RESEARCH SCHEMES CONDUCTED BY THE INDIAN COUNCIL OF AGRICULTURAL RESEARCH

1403. *Sri V. C. Vellingiri Gounder: Will the Secretary of the Department of Agriculture be pleased to state

(a) the total number of Research schemes conducted so far with the help of the Indian Council of Agricultural Research,

(b) the particulars of and the expenditure incurred by each of such Research schemes in each Province, and

(c) how many schemes so far proved successful are being demonstrated and widely applied for the benefit of the Agriculturists?

Sir Pheroze Kharegat: (a) and (b) A statement is placed on the table showing the number of schemes sanctioned in each Province or State. For further particulars a reference is solicited to the reports and proceedings of the Council copies of which are in the Library.

(c) Some 224 schemes relate to fundamental research or are in the nature of surveys monographs, manuals, etc. The rest are of practical application and Provinces and States are taking steps to demonstrate the results in so far as their resources permit.

Statement showing the total number of Research Schemes conducted with the help of the Indian Council of Agricultural Research

	Province/State	No of Schemes
1	Headquarters	53
2	Central Government	79
3.	Madras	47
4.	Bombay	50
5.	Punjab	67
6	Bengal	40
7.	Bihar	27
8.	Central Provinces	30
9	N. W F P	13
10	Orissa	16
12.	Assam	12
13	United Provinces	58
14	Hyderabad State	17
15	Kashmir State	10
16	Mysore State	23
17.	Travancore State	6
18.	Baroda State	16
19.	Bhopal State	2
20	Gwalior State	2
21	Burma	4
	Total	586

Sri V. C. Vellingiri Gounder: May I know from the Honourable Member what is the number of successful research works done by the I C A R and which have been applied practically?

Sir Pheroze Kharegat: The total number of research schemes carried out is 586, some of them, viz., 224, are schemes of a special type. That leaves 362 schemes the results of which are capable of being demonstrated. That work is the function of the Provinces and States concerned and we presume that the results of all these 362 schemes are being utilised by the Provinces and States.

Prof. N. G. Ranga: Will the Government consider the desirability of detailing one or two officers belonging to the I C A R, who will be able to go round the Provinces and see from time to time how far the results achieved by the researches carried out by the I C A R are being applied and in what provinces, so that the Provinces themselves will be benefited by knowing how they are to utilise these researches in different parts of the country?

Sir Pheroze Kharegat: The suggestion will be brought to the notice of the I C A R but I believe it is already under their consideration.

Seth Govind Das: Will Government at least invite reports from different provinces with respect to these 362 schemes and see how many of them are useful in different provinces simultaneously and then to see whether more can be put into operation?

Sir Pheroze Kharegat: Most of these schemes had been put up by the Provinces and financed in part by the I C A R, so that when a scheme was completed it was the province which knew all about it and was in a position to put the results into actual practice.

Sri M. Ananthasayanam Ayyangar: May I know if any of these researches relate to the protection of crops from insect pests?

Sir Pheroze Kharegat: Yes, Sir. There are quite a number of schemes which relate to the protection of crops.

Shri Sri Prakasa: May I know how many schemes are in actual operation in the centrally administered areas?

Sir Pheroze Kharegat: I am afraid I cannot give the information off-hand. I must ask for notice.

Shri Sri Prakasa: Is it the Honourable Member's experience that most of these schemes are impracticable?

Sir Pheroze Kharegat: No, Sir. Most of them are capable of practical application and have been so applied.

Shri Sri Prakasa: If they are as practical, how is it that the Honourable Member has no information as to whether they are in operation or not?

Mr. President: The question hour is over.

(b) WRITTEN ANSWERS

REPRESENTATIONS BY THE PASSENGERS ASSOCIATION DINAPORE RAILWAY DIVISION FOR INCREASE OF BOGIES IN THE SHUTTLE TRAIN BETWEEN BIHTA AND PATNA CITY

1404. ***Mr. Ramayan Prasad:** Will the Honourable Member for Railways be pleased to state

(a) whether Government are aware that there is a Passengers Association functioning for the last 16 years in the Dinapore Railway Division and that the said Association has been rendering valuable services to the travelling public by drawing the attention of the Railway Authorities, divisional and central, to the various grievances regarding train timings, waiting rooms, addition and alteration of trains etc.;

(b) whether Government are aware that due to great pressure of local passengers including students and men attending courts and offices, a shuttle train between Bihta and Patna City was introduced at the instance of the said Association, but the shuttle train has been subsequently reduced in size to 2 to 3 third class bogies without any upper class bogie, to the great inconvenience of the public,

(c) whether Government are aware that the said Passengers Association repeatedly drew the attention of the Divisional Superintendent and also C O. P S to the great over-crowding in the said shuttle train, and

(d) whether Government propose to consider the advisability of increasing the number of bogies in the shuttle train and adding one upper class bogie also to reduce the overcrowding?

The Honourable Dr. John Matthai: (a) Yes, it is presumed that the Honourable Member refers to the Daily Passenger Association, Khagaul, Patna

(b) There is no shuttle train service running between Bihta and Patna. The Honourable Member has perhaps in mind the four shuttle services running each way between Dinapore and Patna. The upper class accommodation on these shuttle trains was withdrawn due to lack of sufficient patronage and because there were more pressing needs for upper class accommodation on other sections of the railway.

(c) and (d) An additional 3rd class bogie carriage is being attached to the shuttle services between Dinapore and Patna to reduce overcrowding. But the question of providing an upper class carriage must be deferred on the grounds that the extent of upper class traffic does not warrant the provision of an upper class carriage and that there is a shortage of upper class carriage at present.

CONTROL OF IMPORT OF ALUMINIUM SHEETS FROM THE UNITED KINGDOM

1405. *Sjt. Seth Damodar Swroop: Will the Honourable Member for Industries and Supplies please state—

(a) whether it is a fact that Government have appointed a pool of four business firms to control the import of aluminium sheets from the United Kingdom;

(b) if so, the principle on which the system is based and the advantages Government expect by the introduction of this system for other firms and consumers;

(c) whether it is a fact that Messrs Wolverhampton Works Company Limited, Bombay and Messrs Jeevanlal and Company Limited, Calcutta both members of the said pool have expressed their inability to Messrs India Metal Industries, Hathras to supply their requirements, and

(d) if so, the reasons therefor?

The Honourable Sri C. Rajagopalachari: (a) Government have canalised imports of aluminium ingots, sheets and circles from all countries with a view to facilitating the working of the Aluminium Pool. The number of firms allowed to import under this arrangement is now four as against two till last year.

(b) According to this system the imported aluminium is pooled with the costlier indigenous product and released to the consumers at an average price. The object is to afford the greatest possible protection to the consumers as well as to the indigenous industry whose product is more costly than the imported metal.

(c) Yes

(d) Messrs India Metal Industries, Hathras approached the two pool members after the last date fixed for receiving their demands. It has however been arranged for them to receive 40 tons from one of the other pool constituents.

IMPROVEMENT IN THE PRODUCTION, PROCESSING AND TESTING OF INDIAN WOOL

1406. *Prof. N. G. Ranga: Will the Secretary of the Department of Agriculture be pleased to state—

(a) whether the attention of Government has been drawn to a news item in the *Hindustan Times* of 22nd March, 1947, regarding the interview given by Messrs Staynes and Whalley, Members of the International Wool Secretariat,

(b) whether it is a fact that they have stressed the need for provision of adequate pastures for sheep-breeding, introduction of the latest scientific methods for shearing and washing wool, stoppage of adulteration, proper sorting and trade marking and establishment of wool testing houses, on the lines of the Bradford Test House in England, and

(c) if so, what steps Government propose to take to improve the production processing and testing of Indian wool?

Sir Pheroze Kharegat: (a) Yes

(b) Yes

(c) There is not enough land to make adequate pastures available for sheep. But the Council of Agricultural Research is financing nine experimental breeding stations with a view to improve the production of wool, two centres for classing, preparing and marking wool and six local wool laboratories and one Central Wool Laboratory which function on the same lines as the Test House in England. It has also under consideration a scheme for the improvement of sheep by breeding and for the establishment of washing, clipping and classing and baling stations. Questions relating to adulteration, sorting and trade marking have been examined and discussed with the trade and are under the consideration of an *ad hoc* Committee.

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RECOMMENDATION OF THE CENTRAL AGRICULTURAL MARKETING DEPARTMENT ON THE MARKETING OF CATTLE

1407. *Prof. N. G. Ranga: Will the Secretary of the Department of Agriculture be pleased to state—

(a) whether Government propose to supply to all the Members of this House the summary of the recommendations of the report on the marketing of cattle, published by the Central Agricultural Marketing Department; and

(b) what steps Government propose to take to implement its recommendations, especially those suggesting the formation of co-operative cattle breeding societies, co-operative cattle Insurance and the imposition of cess on slaughter and on export of cattle?

Sir Pheroze Kharegat: (a) A copy of the report is placed in the Library. A copy of the conclusions and recommendations will be supplied to all members of the House.

(b) The recommendations will be examined and suitable action taken in respect of each suggestion. Most of the suggestions appear to concern Provincial Governments and will be brought to their notice for necessary action.

STATUS OF THE STAFF OF DEAD LETTER OFFICES

1408. *Babu Ram Narayan Singh: Will the Secretary of the Communications Department please state—

(a) whether Government are aware that the status of the staff of the Dead Letter Offices all over India was lowered in 1936 and if so, the reasons therefor;

(b) whether Government are aware that there has been dissatisfaction among their staff since then; and

(c) whether it is a fact that representations from all Dead Letter Offices have been made to Government for the restoration of their status prior to August 1936 and if so, the action Government have taken on those representations?

Mr. Masarrat Husain Zuberi: (a) The Honourable Member probably has in mind the revision in the scale of pay of the staff of the Dead Letter Offices effected in 1935, as a result of which they were placed on a par with post office clerks. Prior to 1935 clerks of Dead Letter Offices, Postmaster General's office, and post offices were on the same scales of pay. But in the revisions of pay effected in 1935 the scale of pay of clerks in the Postmaster General's office was raised above the clerks in the other Branches of the service referred to, because in the Postmaster General's office the work was considered to be of a much more arduous nature. In the year 1936 only the working hours of all Dead Letter Offices were increased but this did not mean any lowering of the Status of the staff concerned.

(b) Some representations have been received

(c) The matter will be considered in the light of the recommendations of the Pay Commission

SUBORDINATES IN THE PRODUCTION DEPARTMENT, MECHANICAL DIVISION, N W RAILWAY

1409. *Hafiz Mohammad Abdullah: Will the Honourable Member for Railways please state what is the number of subordinates in the Production Department, Mechanical Division, North Western Railway, in the cadre of Foremen, Senior Chargemen, Assistant Chargemen, Junior Chargemen and Journeymen community-wise?

The Honourable Dr. John Matthai: I lay on the table a statement showing, by communities, the number of subordinates in the Production Branch of the Mechanical Workshops of the N W Railway holding posts of Foremen, Senior Chargemen, Assistant Chargemen, Junior Chargemen and Journeymen

Statement showing, by communities, the number of subordinates in the Production Branch of the Mechanical Workshops of the N W Railway holding posts of Foremen, Senior Chargemen, Assistant Chargemen, Junior Chargemen and Journeymen

Category	Muslims	Anglo-Indian and Domestic Europeans	Other Minority Communities	Hindus
Foremen and Assistant Foremen	Nil	4	2	4
Senior Chargemen	9	7	6	7
Assistant Chargemen	2	2	2	8
Junior Chargemen	3		2	1
Journeymen	13	2	4	7

POSTS OF WORKS MANAGER, LOCO, METALLURGIST, WORKS MANAGER CARRIAGE AND WAGON FACTORY, ETC HELD BY NON-MUSLIMS

1410. *Hafiz Mohammad Abdullah: (a) Will the Honourable Member for Railways please state whether the posts of Works Manager, Loco, Metallurgist, Works Manager, Carriage and Wagon, Divisional Electrical Engineer and Production Engineer, Mechanical in the Mechanical Workshops North Western Railway, are being held by non-Muslims?

(b) If so, is it a fact that it is the accepted policy of the Government of India to ensure that there is no undue preponderance of any one community in any department?

(c) If so, how do Government propose to remove this preponderance of non-Muslims in this Branch?

The Honourable Dr. John Matthai: (a) With the exception of the post of Production Engineer, Mechanical, which is held by a Muslim, the posts mentioned by the Honourable Member are at present held by non-Muslims

(b) The present policy of Government, which is designed to effect adequate representation of Muslims and the other Minority Communities in Government Services, is contained in the Home Department Resolution No F 14/17 B/33, dated the 4th July 1934 (as amended from time to time) a copy of which is in the Library of the House. In accordance with this policy, separate minimum percentages have been fixed for Muslims and other Minority Communities in direct recruitment to the Services. Promotions and postings do not fall within the scope of this policy and are not made on a communal basis.

(c) In view of my reply to part (b) above, this does not arise

PROMOTION OF MUSLIM SUBORDINATES AS FOREMEN IN THE MECHANICAL WORKSHOPS DIVISION, N W RAILWAY

1411. *Hafiz Mohammad Abdullah: (a) Will the Honourable Member for Railways please state what was the number of vacancies which occurred in the cadre of Foremen in the Mechanical Workshops Division, North Western Railway since October, 1945?

(b) What is the number of the subordinates community-wise promoted against such vacancies?

(c) What categories of staff were considered eligible for promotion to the Foremen cadre and how many Muslims and non-Muslims were employed in these categories?

(d) What was the percentage of Muslims and non-Muslim subordinates employed in the above-mentioned categories and those promoted to Foremen's posts separately community-wise?

(e) Were the Muslim subordinates in this branch of the North Western Railway given their due share of the vacancies in the cadre of Foremen? If not, why not?

The Honourable Dr. John Matthai: (a) 139 vacancies of Foremen occurred in the Mechanical Workshops since October 1945

(b) and (d) I lay on the table a statement giving the figures required in each case

(c) Senior Chargemen are eligible for promotion to the posts of Foremen. 87 Muslims and 114 non-Muslims were employed as Senior Chargemen

(e) The question does not arise. Promotions of subordinate staff in service are not regulated on a communal basis and the posts of Foremen are filled as the result of selection by a Selection Board on the basis primarily of merit

Statement

(i) Statement showing the number of subordinates, according to communities promoted against vacancies of Foremen since October 1945 :—

Muslims	15
Anglo-Indian and Domiciled Europeans	73
Other Minority Communities	14
Hindus	37

(u) Statement showing—

(a) the percentage of Muslim and Non-muslim subordinates employed as Senior Chergemen; and

(b) the percentage of the members of different communities promoted to Foremen, posts—

(a) Muslims	43
Non-muslims	57
(b) Muslims	10 8
Anglo-Indian and Domiciled Europeans	52.6
Other minority Communities	10 1
Hindus	25 6

UNSTARRED QUESTIONS AND ANSWERS

PRICE OF SUGAR AND SUGAR-CANE IN UNITED PROVINCES

110. **Mr. Tamizuddin Khan:** Will the Secretary of the Food Department be pleased to state

(a) the quantities of sugar manufactured by mills in the United Provinces and Bihar in the years 1939 and 1946,

(b) the prices of sugar in those Provinces in the years 1939 and 1946;

(c) the prices of sugar-cane in the United Provinces and Bihar in the years 1939 and 1946, and

(d) the quantities of sugar-cane produced in those Provinces in the years 1939 and 1946?

Mr. K. L. Panjabi: (a) and (d) Statements are laid on the table of the House

(b) There was no control over sugar prices in 1938-39. Market prices varied from place to place and time to time. Roughly speaking, the average price was about Rs 11-10-0 per maund. In 1945-46, the controlled ex-factory price of sugar in the U P and Bihar was Rs 16-10-0 per maund.

(c) In 1938-39, the minimum fixed price of sugar-cane in the U P ranged from Re 0-6-9 to Re 0-8-9 per maund. In Bihar the minimum price was Re 0-6-9 per maund, this was later raised to Re 0-7-0 per maund. In 1945-46, the price in the U P was 0-14-6 per maund at the factory gate and Re. 0-14-0 at outstations. In Bihar, the price was 0-15-0 per maund both for cane at the factory gate and at outstations.

Statement referred to in part (a) of the Reply

Seasons	U P. (Tons)	Bihar (Tons)
1938-39— (from 1st December 1938 to the end of November 1939).	3,20,000	1,62,000
1945-46— (from 1st December 1945 to the end of November 1946).	5,17,796	1,76,726

Statement referred to in part (d) of the Reply

Area under Sugarcane

	1938-39	1945-46
	(Acres)	(Acres)
U. P	16,52,000	18,67,000
Bihar (including Orissa)	4,07,000	4,16,000

Yield in terms of Gur

	1938-39	1945-46
U. P.	14,54,000	18,92,000
Bihar	3,69,000	3 69,000

RELATIVE SENIORITY OF GUARDS ON N W RAILWAY

111. **Seth Sukhdev:** With reference to the reply to part (a) of unstarred question No 78, asked on 11th March 1946, regarding relative seniority among guards on North Western Railway, will the Honourable Member for Railways be pleased to state

(a) whether the answer to item (ii) refers to rules in force before 1936, if so, how it is reconciled with the answer to part (b) of unstarred question No. 6 asked on 27th July 1943 regarding relative seniority of promoted Grade II Guards on North Western Railway, and

(b) if the amended rule does not apply to persons in service prior to 1936, why the case of Karachi division Guards promised to be reviewed has not been reviewed; and whether it is proposed to be so reviewed now, to conform with the rules in force prior to 1936, if not, the reasons therefor?

The Honourable Dr. John Matthai: (a) Yes. As regards the latter part, the reply given on the 27th July 1943 to part (b) of Mr. Lalchand Navalrai's Unstarred Question No. 6 refers to the determination of seniority of Ticket Collectors and Train Clerks, etc., on their promotion as Guards on and after the 7th July 1936 whereas the reply given to item (ii) of part (a) of Unstarred Question No. 78 asked on the 11th March, 1946 refers to the determination of the seniority of such staff promoted as Guards before the 7th July 1936.

(b) I am not quite clear as to what promise the Honourable Member is referring but I have called for information from the North Western Railway Administration and will lay a statement on the table of the House in due course.

CHARACTER CERTIFICATES TO EMPLOYEES BY RAILWAYS AFTER TERMINATION OF SERVICES

112. **Seth Sukhdev:** (a) Will the Honourable Member for Railways be pleased to state whether the railway administrations issue certificates to the employees, whose services are terminated after giving the usual notice of one month or less; if so, under what specific provision of the rules?

(b) Is it a fact that in certain certificates a zigzag line is drawn opposite to the columns of "character" and "ability"? If so, why?

(c) Does termination of service after due notice, constitute a bar to re-employment of the employees? If so, under what rule?

(d) If the reply to the first portion of part (d) above be in the negative, who, are the columns referred to in part (b) not filled with appropriate remarks?

The Honourable Dr. John Matthai: (a) Yes, under para 1620(1) of the State Railway Establishment Code, Volume I, as amended by Correction Slip No N724, a copy of which is in the Library of the House

(b) The detailed instructions regarding the method of completing service certificate forms are left to the General Manager to prescribe. The Honourable Member is presumably referring to the practice which is understood to have been adopted by some railways whereby, in the event of the authority granting the certificate being unable, on the strength of the railway servant's record, to remark favourably in regard to his conduct and ability, a wavy line is drawn against these headings in order that no adverse remarks may appear on the service certificate of an employee to hinder his obtaining employment elsewhere.

(c) On the assumption that the Honourable Member is referring to notice by the competent authority on behalf of Government, termination of service under an employee's agreement or conditions of service does not by itself constitute a bar to re-employment in service but if such termination is the result of disciplinary action involving removal from service, it may, in terms of Rule 1703 of the State Railway Establishment Code, disqualify the person concerned from future employment.

(d) I would refer the Honourable Member to my reply to part (b).

COMMUNAL PROPORTION OF SUB-SECTION P-1 IN DIVISIONAL OFFICE, KARACHI

113. Seth Sukhdev: Will the Honourable Member for Railways be pleased to state

(a) the strength of sub-section P-1 in the Divisional Office, Karachi on 1st January 1944 and 1st January 1947 and the communal composition thereof,

(b) whether it is a fact that Muslims are being brought to this section to give them over 60 per cent representation, if so, under what rule, and

(c) whether Government propose to take steps to see that there is communal reservation only in direct recruitment and not in branches and sub-sections; if not, the reasons therefor?

The Honourable Dr. John Matthai: (a) The total number of staff in sub-section P-1 in the Divisional Office, Karachi, N W Railway, was 7 on the 1st January 1944, of which four were Hindus and three Muslims, and eight on 1st January 1947, of which three were Hindus and five Muslims.

(b) No. The posting of staff to the various sections of the Establishment Branch is done with regard to the interests of the work and not by communities.

(c) As a result of one of the recommendations made by the Officer placed on Special Duty to review the working of the orders relating to the representation of Minority Communities in service on Railways, it was decided, with the concurrence of the Central Advisory Council for Railways, to reserve 50 per cent. of the vacancies in the clerical cadre of the Establishment branches filled by direct recruitment for the Minority Communities till such time as representation in these branches is brought up to the overall percentage prescribed for those communities on each railway. Apart from this, there is no reservation in direct recruitment for Minority Communities according to particular branches and sub-sections and Government do not see that any change is necessary in this respect.

EUROPEAN INSTITUTES FOR STAFF ON THE N W RAILWAY

114. Seth Sukhdev: (a) Will the Honourable Member for Railways be pleased to state the names of the European Institutes for staff existing on the North Western Railway with particulars of membership in each such Institute as on

the 31st December, 1946 and the assistance given to them from railway revenues during 1945-46?

(b) How much assistance was given to the Indian Institutes during the year 1945-46?

(c) If the assistance to Indian Institutes per member is low, as compared with that to European Institutes, do Government propose to take any steps to equalise the same? If not, why not?

The Honourable Dr. John Matthai: (a), (b) and (c) I lay on the table of the House a statement giving the names of the European Institutes existing on the N. W. Railway at present with particulars of membership of each Institute as on the 31st December 1946. As regards the assistance given to the European as well as Indian Institutes on the N. W. Railway during 1945-46, I am collecting information and will lay a statement on the table of the House in due course.

Statement showing the names of European Institutes on the N. W. Railway with particulars of members in each Institute on 31st December 1946

Name of the Institute	Railway Members	Honorary Members
N. W. R. European Institute at Delhi	29	25
„ Saharanpur . . .	63	10
„ Ambala Cantonment .	20	1
„ Kalka . . .	15	..
„ Ghaziabad . . .	12	..
„ Bhatinda .	26	2
„ Ferozepore Cantonment .	16	4
„ Bahawalnagar . .	5	6
„ Karachi Cantonment.	79	74
„ Kotri .	30	..
„ Sukkur . .	17	6
„ Mohri .	36	..
„ Quetta	52	..
„ Sibi . . .	13	..
„ Mach. . .	12	..
„ Multan . . .	15	10
„ Khanewal . .	14	..
„ Rawalpindi .	65	5
„ Peshawar Cantonment .	5	6
„ Mughalpura . .	123	7
N. W. R. Burt Institute at Lahore . . .	190	41

GRADE II GUARDS RECRUITED ON THE N. W. RAILWAY SINCE 1943

115. **Seth Sukhdev:** Will the Honourable Member for Railways be pleased to state

(a) the number of grade II guards recruited on the North Western Railway separately during the years 1943-44, 1944-45, 1945-46 and 1946-47 (up to 29th February 1947) by (i) direct recruitment (ii) by promotion from other branches of service in the permanent and temporary posts, and

(b) whether the shortage in direct recruitment is made good in the succeeding years, if so, in how many years and under what specific rule?

The Honourable Dr. John Matthai: (a) I give below the required information in regard to Grade II Guards on the old scales of pay, corresponding to Class I Grade I Guards on the revised scales of pay —

Year	Number of staff recruited direct as Guards, Grade II	Number of staff promoted as Guards, Grade II	
		Against permanent posts	Against temporary posts
1943-44	19		61
1944-45	195		38
1945-46	85		27
1946-47			56
Up to 28 2 47)			

(b) The reply to the first part is in the affirmative. No time limit is prescribed, except in regard to deficiencies in the recruitment of members of minority communities, where such deficiencies may be carried forward for one year. As regards the last portion, there is no specific provision in the rules, but where separate proportions are prescribed for direct recruitment and promotion respectively, it is obviously in the interests of the administration to achieve these proportions by adjustment in subsequent recruitment, if necessary.

COMPLAINT re THE RECRUITMENT OF DIESEL ENGINE DRIVERS ON N. W. RAILWAY

116. **Seth Sukhdev:** (a) Will the Honourable Member for Railways be pleased to state whether the attention of Government has been drawn to an article appearing in the '*Railway Herald*', Karachi, dated the 1st January, 1947 under the heading "Recruitment of Diesel Engine Drivers on North Western Railway"? If so, what steps have been taken or are proposed to be taken to meet the complaint?

(b) Is it a fact that there is surplus of staff in firemen's grade on the North Western Railway?

(c) Is it a fact that firemen were trained in 1938-39 in Diesel car driver's duties? If so, why is the same method not adopted now to absorb the surplus staff?

(d) Are Government aware that direct recruits lack transportation knowledge necessary for safe operations?

The Honourable Dr. John Matthai: (a) Yes, though the correct date of the issue of the paper in which the article appeared is the 6th January 1947. As regards the latter portion, no action was taken or is proposed to be taken on the complaint

(b) and (c) The necessary information is being collected and will be laid on the table of the House in due course

(d) This may be so at the time of their recruitment, but they are given the necessary training before their appointment, which is also subject to their passing an examination in Traffic Regulations and Mechanism of Diesel Locomotives

MUSLIM CLERKS IN THE MYMENSINGH HEAD POST OFFICE IN BENGAL

117. Mr. Tamisuddin Khan: Will the Secretary of the Communications Department be pleased to state

(a) the number of temporary clerks attached to the Mymensingh Head Post Office in Bengal,

(b) how many of them are Muslims and how many are non-Muslims,

(c) the period for which each of them has been serving as a temporary clerk;

(d) the reason why these temporary clerks are not being made permanent; and

(e) whether Government propose to make them permanent in the near future?

Mr. Masarrat Hussain Zuberi: (a) Nineteen

(b) Six Muslims and thirteen non-Muslims

(c) One Muslim and five non-Muslims since 1943, four Muslims and seven non-Muslims since 1944, and one Muslim and one non-Muslim since 1945

(d) For want of adequate number of permanent vacancies and also pending the appointment of war-service personnel in vacancies reserved for them

(e) Six of these are likely to be provided for shortly in permanent vacancies. The question of absorbing the rest in permanent vacancies will be examined when vacancies arise

SHORT NOTICE QUESTION AND ANSWER

NATIONALISATION OF ARMED FORCES

Sardar Surjit Singh Majithia: Will the Defence Secretary be pleased to state whether in view of the fact that British intend quitting India 12 Noon by June 1948, the Commander-in-Chief has been instructed by the Defence Member to implement his plans for Nationalisation with immediate effect?

Mr. G. S. Bhalja: No, Sir. The implementation of the plans will be the subject of the orders of government on receipt of the Nationalisation Committee's final recommendations

Sardar Surjit Singh Majithia: Is it a fact that the Nationalisation Committee's work is suffering because it has not received any instructions from the Defence Member about the future strength of the Defence Services?

Mr. G. S. Bhalja: I am not aware that the work of the Committee is suffering for lack of instructions from Government. The information about the size of the future armed forces is of course relevant but it is not quite essential for the purposes of the Committee who are aware of the interim strength of the forces

Sardar Surjit Singh Majithia: Is it not a fact that this Committee has not met for the last four weeks?

Mr. G. S. Bhalja: Speaking from memory, I think the Committee met last month—on the 10th of March, and since then they have been engaged in collecting material to enable them to proceed further with their deliberations.

Mr. Sasanka Sekhar Sanyal: May I know what will be the position of the present Commander-in-Chief in June 1948 when the British quit?

Mr. G. S. Bhalja: That does not arise out of the question

Shri Mohan Lal Saksena: How long will this Committee take to complete its work?

Mr. G. S. Bhalja: The Committee have been asked to complete their deliberations and submit their Report within six months from the date of the first meeting. That will be about June 1947.

Shri Mohan Lal Saksena: May I know what action has been taken on the interim recommendations of the Committee?

Mr. G. S. Bhalja: On this subject the Honourable the Defence Member made a statement in this House in the course of his reply to a cut motion.

TERMS OF REFERENCE OF THE ARMED FORCES NATIONALISATION COMMITTEE

Sardar Surjit Singh Maithia: Will the Defence Secretary be pleased to state whether the terms of reference to the Armed Forces Nationalisation Committee have been changed, in view of the changed circumstances caused by the intention of British quitting India by June 1948?

Mr. G. S. Bhalja: No, Sir. The terms of reference already called for nationalisation by the earliest possible date.

Khan Abdul Ghani Khan: Did they call for hundred per cent nationalisation?

Mr. G. S. Bhalja: Nationalisation means complete—hundred per cent—nationalisation.

ELECTION TO CENTRAL ADVISORY COUNCIL FOR RAILWAYS

Mr. President: I have to inform Honourable Members that Mr. M. A. F. Hirtzel has been elected to the Standing Finance Committee for Railways as well as the Central Advisory Council for Railways. According to the constitution of the Central Advisory Council, all members of the Standing Finance Committee for Railways are *ex-officio* members of the Council. Thus Mr. Hirtzel, by virtue of his membership of the Standing Finance Committee for Railways, is *ex-officio* member of the Council. One seat on the Council therefore remains vacant. For the purpose of filling up this vacancy, I appoint Monday, the 7th April, 1947 up to 12 Noon within which nominations for this vacancy will be received. The election, if necessary, will be held in the Assistant Secretary's room in the Council House, on Tuesday, the 8th April, between the hours of 10-30 A.M. and 1 P.M.

TAXATION ON INCOME (INVESTIGATION COMMISSION) BILL

Mr. Shavax A. Lal (Government of India Nominated Official) Sir, I beg to move

That Sri M. Ananthasayanam Ayyangar be appointed to the Select Committee on the Bill to provide for an investigation into matters relating to taxation of income, in place of Prof. N. G. Ranga, who has resigned from the Committee.

Mr. President: The question is

“That Sri M. Ananthasayanam Ayyangar be appointed to the Select Committee on the Bill to provide for an investigation into matters relating to taxation of income, in place of Prof. N. G. Ranga, who has resigned from the Committee.”

The motion was adopted.

INDIAN RAILWAYS (AMENDMENT) BILL

Mr. S. Guruswami (Nominated Non-Official) Sir, I beg to move

"That Diwan Chaman Lal be appointed to the Select Committee on the Bill further to amend the Indian Railways Act, 1890, in place of Pundit Thakur Das Bhargava who has resigned from the Committee"

Mr. President: The question is

"That Diwan Chaman Lal be appointed to the Select Committee on the Bill further to amend the Indian Railways Act 1890, in place of Pundit Thakur Das Bhargava who has resigned from the Committee"

The motion was adopted

RESOLUTION RE RELEASE OF INDIAN NATIONAL ARMY PRISONERS—*contd*

Mr. President: The House will now proceed with the further discussion of the following Resolution moved by Khan Abdul Ghani Khan

"This Assembly recommends to the Governor General in Council to release the Indian National Army prisoners immediately"

Pandit Balkrishna Sharma (Cities of the United Provinces: Non-Muhammadian Urban) Sir, when last time I was on my legs in connection with the discussion on the Resolution of my Honourable friend Khan Abdul Ghani Khan I was pointing out to certain of my honourable friends that there are questions in regard to which there need be no differences of opinion amongst us. The question of the release of the I N A prisoners is one of those questions and therefore I requested them to be good enough to look at this question from a broad national point of view and not bring into the discussion matters which are extraneous to it. I do not intend to follow up that line of argument. But one or two things which the mover of the Resolution placed before the House have not found a responsive echo in my heart. Mr Abdul Ghani Khan very aptly and very brilliantly suggested that there was little ground for any Government to take exception to the release of the I N A people on the plea of brutality when we ourselves are holding out all sorts and manner of prospects for their advancement by encouraging them to get themselves made experts into performing brutal acts. I have not been able to see eye to eye with him on this point. I think that there are certain very definite lines of demarcation which it is dangerous to try to obliterate. There is a certain line of demarcation between brutality and bravery. I for one moment do not wish to suggest that the alleged acts of brutality were actually performed by those people. As a matter of fact this House has not before it all the material facts which will place it in a position to give a verdict on that issue. But the House cannot for a moment pass any verdict which will obliterate that difference between brutality and bravery. That difference apart, the question which weighs with most of us today is as to what actually the policy of the Government of India should be in regard to the I N A prisoners. Nobody in this House for a moment will doubt the sincerest possible motives which led these I N A men and officers to join the ranks of the Indian National Army for the liberation of this country. The motion before the House is of a limited character and therefore it may not be possible for me to go into all those details which are necessary to take into consideration regarding the whole question which is involved in the release of I N A prisoners. But with your permission and with your indulgence I would like to place one or two points for the consideration of this House. Some people have asked a question as to whether the I N A prisoners are regarded by the Government of India as criminals. The very poser appears to be a little absurd. All of us know that today the term "the Government of India" connotes a double personality—one, the men, our leaders, who are at the helm of affairs and the other, the one great leviathan, which is an insensate, stupid

[Pandit Bal Krishna Sharma.]
 monster. Now, because there is this inherent historical contradiction in the situation, we cannot ask the question today whether the Government of India regard these prisoners as criminals or not. This is a question which might be put to the Government after the year of Grace 1948, that is, after the middle of it, in the month of July 1948. This question might be put then but today we cannot put that question to the Government of India. We know that those at the helm of affairs of the Government of India today are the very people who brought this question to the forefront. It was the Leader of the House Pt Jawaharlal Nehru who raised this question from that cowardly legal-constitutional level to the high and lofty level of fundamentals. It was he who for the first time in the history of our country, barring Mahatma Gandhi, took up the case of the I N A men and it was the genius of the late lamented great Bhulabhai Desai who, as the last act of his dedicated life, showed to the whole world how flimsy the ground was on which these I N A persons were being prosecuted. Therefore, Sir, to say whether the Government of India thinks that this question of the I N A men is regarded by the Government of India in any other light except in the light in which the individual members of the Government of India consider it, to say the least, is not fair. To ask this question is not fair. There are limitations.

Mr. President: The Honourable Member has only five minutes more.

Pandit Bal Krishna Sharma: I thought fifteen minutes were due to me.

Mr. President: Fifteen minutes is the time limit. The Honourable Member took five minutes before. He has taken five now and only five more are left.

Pandit Bal Krishna Sharma: You keep a very exact time table, Sir. As I said before, I only want to place two or three things before this House for its consideration. It is true that in regard to the I N A prisoners, who are out of prison and who have been dismissed, the Government have not been able to impress upon the various departments to extend a helping hand to these men. For instance, the Government of the United Provinces and the Government of Bombay tried to enlist these I N A men in the Police service.

Mr. President: I am afraid that part of the discussion will be outside the scope of the present Resolution.

Pandit Bal Krishna Sharma: I bow to your decision. Lastly I only throw out a feeler to my Honourable friends in this House. As there is likely to be certain complication in the matter, I would request the Honourable Members that we think ten times before we give our verdict on this question. I think we are passing through very critical times and, as I said to a friend of mine, we cannot jump all of a sudden over the hedge of history. There are certain limitations under which we are working. There are certain limitations under which our Government is working. We are passing through a critical time. We are passing through a transitional stage, a transitional stage that has almost become a revolutionary stage and therefore I would request the House to take a very sane and sedate view of the whole question and to so behave that they may not precipitate any crisis on account of their votes on this occasion. So far as our sympathies are concerned, nobody is in any doubt about it. All of us want that the I N A prisoners should be released. All of us want that those men must be given employment. All of us want that the Government departments should go on helping them, that the Labour Department should come to their aid that we keep them in mind in connection with the various post-war schemes and things should be so manipulated as these men may find employment, and, at the same time all of us want that the Government should issue instructions to all their officials that the surveillance and vigilance which have been kept so long over them should be done away with. About all that there is no difference of

opin on But there is a question which cannot be easily decided one way or the other if that question threatens to create a crisis and therefore I request the House to take a sane and moderate view of the whole thing

The Honourable Pandit Jawaharlal Nehru (Leader of the House)
 Sir, I should like to intervene at the early stage in this debate in order to place the views of Government in regard to this Resolution This Resolution in some shape or other has been before the House, I believe, for over a year It may well be asked—why is this matter kept pending so long, not merely as a Resolution, when it was fairly obvious what the views of the House were in this matter and, if I may say so, what the views of the people were It may be asked—why has this Resolution to be brought up again and again, sometimes postponed and then been given new life I think the House and the country are entitled to know and I propose to put facts before them with as much frankness as possible

The House knows well that many of us have been in the past intimately connected with these I N A trials We organised defence committees We did all that we could in order to help them in those trials and after Why did we do so? Because we thought that this matter had something much more than a merely technical military aspect It had a larger aspect, because we thought that in this matter, as in many others the average soldier was placed in a very difficult position Normally speaking every one in this House will agree that in an army the most absolute discipline should prevail Otherwise, it ceases to be an army It goes to pieces and if there is lack of discipline, it has to be dealt with But in a case like India up till recently there have obviously been different pulls There is the pull of discipline and loyalty to the discipline of the army There is also a pull of another loyalty and a larger and perhaps a more imperative loyalty to what one imagines to be the good of the country Now, if those two loyalties come into conflict, as they have done in the past, not only in the army but elsewhere too, the result is an inner conflict in the individual And it would be a foolish thing to judge that inner conflict in technical terms and to say that this man has erred and misbehaved Well, as it happens, it is the best type of individual who has to suffer that inner conflict It is the man who does not feel that way who is usually insensitive to the vital things of life Therefore, when we have to face these inner conflicts, these rival pulls, we have to decide after taking everything into consideration Of course, the right way is to avoid this inner conflict and to avoid dual loyalty and to have a single loyalty to the country and the army Then there is no difficulty in the way except personal or domestic difficulties The difficulty arises when a country, as India is today, is in a period of transition or even before the transition, when it is not a free country We have had to face that difficulty and the I N A people had to face that difficulty and in a very peculiar state of affairs they took a certain decision I do not know how any one of us here would have acted if similarly situated No one can say unless he has to face a difficult situation how he will act at that time I have little doubt in my mind that those people *en masse* were impelled by feelings of patriotism and the desire to serve their country It was because of that belief, which, if I may say so, was strengthened in the course of those major trials that took place here, that we helped in the defence of those cases and subsequently

Now, I do not wish any one to imagine that we consider every person in the I N A as a hero and a patriot Even in the best of Groups or organisations everybody is not a hero and a patriot There are good people and bad people and middling people, who are neither too good nor too bad But undoubtedly in judging of a situation like this, we had to take the major facts into consideration, and those facts led us to the attitude that we adopted in regard to I N A and nothing that has happened since had led me to believe that we

[Pandit Jawaharlal Nehru.]

were wrong. In fact, I am convinced as ever that we were right in the attitude that we took up then. We have, therefore, subsequently also tried to help the I N A people in regard to service and means of finding livelihood. May I say because a reference has been made by Pandit Balkrishna Sharma to this matter, that so far as Government is concerned, every avenue of service is open to these I N A men except the military and the police at present. So that all civil employment is open to them provided of course, they are competent and not merely because they are I N A men.

Now, this has been the general position. We took up that position in regard to the trials on the political issue because we felt that it would be exceedingly wrong for people placed in that difficult position to be charged with what is technically called waging war against the King. And, if I may say so, we succeeded in establishing that contention for various reasons, among them being the very brilliant defence offered by Mr. Bhulabhai Desai. And may I say also that in this matter the Commander-in-Chief, who was most intimately concerned with the army, with the discipline in the army and with all that happened in regard to the I N A and who naturally in his capacity as Commander-in-Chief must have resented all these happenings which went against the discipline of the army and against his whole outlook as a soldier, did take up an attitude which was a wise attitude and a far-seeing attitude. I am for the moment referring to things in general, I am not obviously thinking of individual cases for the moment. I am talking of the general attitude which the Commander-in-Chief took up in regard to this matter. I think it was from every point of view a very statesmanlike attitude and even at that time I ventured to congratulate him and I would repeat that word of congratulation now. The House will appreciate that however much we may try to agree on many matters, there is a fundamental difference yet in the Indian outlook and the British outlook on many problems. It may be that in future when India is a completely free and independent country that difference will vanish. But what I am trying to point out is this—anything that we may take up and whether we agree about it or not, the approach and the honest approach on both sides is often different. One starts with different data, a different view of life, different environments call it what you like, and it is because of these that it was an easy matter for me or for any Member of this House to have taken up a certain attitude in regard to the I N A a year or a little more than a year ago. But it was not an easy matter for the Commander-in-Chief, with his military background and with his British background, if I may say so, to take up the general attitude that he did in this matter. But he did so, I have no doubt, because he appreciated to a certain extent at least what was in the Indian mind, what was not only in the Indian civilian mind but what was in the Indian military mind also. We looked upon this question then and subsequently as a political matter which had impinged itself on military discipline. Nevertheless, it was a political matter and we were only opposed to any punishment being given on political grounds, even though that had involved a breach of discipline. Now, that was so and, if I may say so, that was admitted then by the Commander-in-Chief and the Government of India all the time. There was punishment, of course, in the sense that these I N A people were dismissed from the army and they did not get various allowances, arrears, etc., which, as discharged soldiers, they might have got. That is true. But apart from that, punishment in the sense of imprisonment etc., was ruled out. That was the general policy adopted. But then a distinction was made in regard to other matters which strictly had nothing political about them, which had in fact nothing special about them, which if they had taken place not in the I N A but in the regular army itself would be liable for punishment. Now, I am not for the moment entering into the merits of any individual case or trying to place before the House a certain distinction that was made then in regard to

the actual breach of army discipline by so-called waging war against the King and acts which are considered inhuman or brutal being indulged in, quite apart from the question of discipline. Obviously that is a matter which takes this out of the scope of pure politics or of pure I N A. There are cases happening in the regular army from time to time when officers or men are punished for some such inhuman act which degrades the traditions of the army. There are at the present moment people being punished, not I N A, I am referring to, but other people in the regular army who have been court-martialled for such acts and who are undergoing punishment therefor. So that, the way I am trying to put before the House the position is as it was placed to me and before me by the Army authorities, that this matter was considered by them, not on a political plane, but purely on the plane on which they might have considered any matter connected with the regular army. They said that if we are going to treat our regular army men for certain acts in a particular way, are we debarred from treating I N A men for identical acts because they happen to be I N A and therefore they are not liable for even a common offence of the army or common offence against humanity. The House will remember that I am not dealing with individual cases, I am putting before the House the argument advanced by the Army authorities before me. Apart from that, on any such matters any Government must very largely rely upon the advice of those who are put in charge of the army. Obviously the Government of India in such matters, and in many other matters, more especially in non-political matters must inevitably take the advice of the Commander-in-Chief. If there is any radical difference between the view point of the Government and the Commander-in-Chief, well then, the Commander-in-Chief may be changed. But obviously the man in charge that has been placed there has been made responsible and must shoulder that responsibility by giving advice to Government on these matters. Inevitably therefore when this matter came up, we asked for the advice of the Commander-in-Chief. My own reaction as well as the reaction of most of, if I may say so, all my colleagues was that this is not a debatable matter, this is not a matter which need take up any time of the House. We had been engaged in these I N A trials and we felt that the sooner these whole I N A business of trial and punishment ended the better from the large point of view because it was obvious that the general public did not like these punishments to continue. So we thought that the matter was not one for much argument. Nevertheless, of course we had to refer to the Commander-in-Chief and the Defence Member. Then we had long talks and discussed this matter in a friendly way all aspects of it, and some of the arguments that I have put forward before the House were placed before us by the Commander-in-Chief and others and every aspect of this question was explored. We found that the Commander-in-Chief did not think that it was such a simple matter as we thought it to be. He felt that there were all manner of other issues involved, that there would be repercussions and that he himself was not personally convinced in regard to taking any steps to release them. That put us in a difficulty, because obviously we did not want to proceed in such a matter which fell within the special purview of the Commander-in-Chief without his full approval and consent. It is because of this that there has been considerable delay in dealing with this question. Honourable Members have from time to time asked questions in this House and I am afraid that the answers that have been given to them have seldom been satisfactory. Because they were not complete, it was not possible to discuss the matter in answer to a question and because we ourselves were considering it and discussing it, we could not say very much about it. I must ask the forgiveness of the House for those incomplete and unsatisfactory answers to questions during the past few months. The matter came up again and again in various forms and the House occasionally expressed a feeling of resentment at this delay in dealing with this question. I can well understand

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that with the background which the House has. But may I say that few questions during the last few weeks or months have troubled my mind and taken up my time more than this question. We did not forget it at any time. We considered it, we discussed it amongst ourselves, we weighed the pros and cons of everything and because of this difficulty that we could not get over, we could not come to any decision about it. Otherwise, we need not have waited for a Resolution of this House. So, this was the position. Now, at the present moment if I may give some facts to the House, there are, I believe, seven persons involved. There are others, of course, they belong to other categories. There are more or less seven persons involved in this Resolution. Two of them have been sentenced to 14 years rigorous imprisonment, two to seven years and one to three years, and one to two years. All these persons though charged with waging war have also committed offences against humanity and were generally sentenced. But we are given to understand that the charge in regard to waging war had nothing to do with the sentence except in so far as those persons were dismissed from the army. Now, Sir, they have all been sentenced for acts which may be considered which were considered by court martial as brutal and inhuman and totally unbecoming of a member of the armed forces, something for which any person in the army, I would remind the House would have been punished. Now the Honourable Member of the Resolution, I remember, mentioned something to the effect that it is idle to talk of brutality and inhumanity because all war is brutality and inhumanity. If you train a man in brutal methods what is the good of punishing him if he indulges in them later. While agreeing with him completely in the view that war is an extreme brutality, and it is becoming more and more brutal and inhuman. I still differ from him completely in the conclusion that he has arrived at, and the idea that because war is brutal we should condone every kind of brutality which would reduce the level of human existence to that of the brute. The question then becomes one of fact and not of theory, what exactly has happened, not merely the fact that it has happened but the surrounding circumstances and the context of it and how it happened, because the same act may be judged in a particular way if you know the context of it. Even murder is considered justifiable sometimes, if it is in self-defence for example. Therefore it is a question of facts and the circumstances surrounding that particular thing, not of mere theory that so and so was in the I N A and therefore he is innocent. That of course has no meaning, or that so and so belongs to this and that group and therefore he should be punished or should not be punished. When we come to the facts we find that the courts-martial have dealt with these cases. I am not in a position to criticise these courts-martial on the way they dealt with these cases; I have no reason to do so except one that when we see that these things took place at a moment when certain passions were aroused among the people on either side it was not perhaps a very suitable moment for a dispassionate consideration of this problem. However the point is that regularly appointed courts considered these matters and they came to certain conclusions. It is not very easy to say that the courts were wrong or that their judgment on the evidence was wrong or that their conclusions were entirely baseless. Therefore what exactly can we do about it? As I informed the House, when originally we considered this matter we thought there was no difficulty about it. But the difficulty arose when we found that the Commander-in-Chief did not view it in the same light. He was reluctant to give effect to any such Resolution as has been moved in this House, and he pointed out his own difficulties and his own views in the matter which were formed after considerable study and consideration of what he thought would be the repercussions in the army. Now it is obvious that

those of us who form the Government here only continue in Government till the House so pleases. We are not a Government as our predecessors in these benches were who could go their way whether the House liked them or disliked them.

Mr. Siddiq Ali Khan (Central Provinces and Berar, Muhammadan) Then accept our request and release these I N A men. That is a unanimous demand from all sides of the House.

The Honourable Pandit Jawaharlal Nehru: I am going to place the views of Government before the House and if the House agrees with them, well and good, if it does not the House will tell us what to do. A government functions according to its own lights, if those lights do not commend themselves to an Assembly the Government gives place to another government. No Government functions blindly with other people's lights. Therefore it is for the House to decide and we shall abide by their decision. If we agree with the decision of the House we shall gladly submit, if we disagree we shall also submit but others will carry out that decision.

Now in view of this present position that I have stated before the House the question arises as to what is the best way of dealing with this. I think the last speaker Mr. Sharma said something to the effect that we do not know what the facts are. Now it is an odd thing that we should come to a final decision without going into the facts because, as I said, it is a question of facts is apart from the political aspect. So it reduces itself to a question of facts. Will some impartial authority consider the facts? That becomes the question. Quite apart from that question however, there is the other question which it is not perhaps easy for some of us to judge, namely, matters concerning the army and repercussions on the army and its discipline, etc. In this present case therefore the conclusion that we arrived at was that it would be a desirable course for these matters to be referred to the Federal Court for their consideration and for their report to the proper authority. This has nothing to do with our confidence in the Commander-in-Chief. I think he acted a year ago with considerable foresight and statesmanship. We believe that quite apart from the I N A matter he has acted in ways which show that he wants the good of India to prevail. He has served India faithfully, and of course normally we are bound to accept his advice in all such matters. But in view of other circumstances this course has been proposed by Government for the consideration of the House. I would like to read out what steps precisely we would like to take if the House so agrees. Although Government do not question that in this matter the Commander-in-Chief has acted throughout in good faith and according to his lights for the good of India and the armed forces, they are, in view of the special circumstances of the case, prepared to request that the available judges of the Federal Court should be called in as advisers in this matter only and without creating any precedent whatever. What we have in mind is that before any further consideration is given to the matter by the Commander-in-Chief these advisers should examine the proceedings of the various courts-martial, give their opinion as to the desirability of reviewing the findings and sentences in each case and report whether in their opinion the findings and sentences should be altered or modified in any manner. That is the position of Government. I have tried to place before the House the various factors that have been considered by us during these weeks and months. I have tried also to make the House realise that this matter in its present aspect can hardly be considered as a political matter but as a matter infringing the domain of humanity. I do not and I cannot, express an opinion on individual cases even if I could it would not be proper for me to do so. But since it is a matter of fact and a non-political matter of fact in regard to certain acts committed by certain individuals, it is right and proper that it should be inquired into by a proper authority as I have suggested on behalf of Government. Obviously there are other

[Pandit Jawaharlal Nehru] considerations which the House will no doubt bear in mind. We are passing through a somewhat difficult period in India, and we have to bear all these other aspects in mind before we take a step light-heartedly. It is because of all these matters that we have given the most careful consideration to it, and placed this suggestion for the approval of the House. If the House approves this kind of reference to the Judges of the Federal Court, then I would request the Mover of this Resolution not to press his Resolution in the form in which he has moved it, because it does not fit in, but for the moment accept the reference as has been suggested by Government.

Khan Muhammad Yamin Khan (Agra Division, Muhammadan Rural): May I ask the Honourable Member one question? The Honourable Member has accepted two principles in his suggestions—firstly waging war, which was out of question, and, secondly, brutality. Now, brutalities, if at all, were committed somewhere outside India, and the best judges who could pronounce those acts as brutalities or not were the people who belonged to that particular Army of which these men formed a part—i.e., the Indian National Army. What is the opinion of the I N A officers about this? They should know whether any brutalities were committed or not. Of course brutalities have been found to have been committed by the Courts-Martial which were appointed out of those who were opposed to the Indian National Army. I want to know whether the Government is prepared to refer this matter to a Court-Martial appointed out of the officers of the I N A who will be the best judges to find out whether there were brutalities or not?

The Honourable Pandit Jawaharlal Nehru: That is a remarkable suggestion. May I say that in great many of these cases the charges are in regard to certain acts committed in prison against prisoners, not in regard to operations outside, and surely the best judges of that are neither those who are against the I N A nor those who are in favour of the I N A, but competent people who can consider these matters.

Mr. President: May I have one position clarified in this respect? Is it proposed to have a specific amendment moved?

The Honourable Pandit Jawaharlal Nehru: I want no amendment. I merely stated what we propose to do and unless the House disagrees with it we want to do it. We want no specific amendment.

Mr. President: Then I take it what is meant is that in case the House is agreeable the Honourable Member may withdraw his Resolution.

The Honourable Pandit Jawaharlal Nehru: Yes, Sir.

Mr. President: Now the discussion may proceed. Mr. Siddiq Ali Khan [At this stage Mr. President vacated the Chair which was then occupied by Mr. Deputy President (Khan Muhammad Yamin Khan).]

Mr. Siddiq Ali Khan: (The Honourable Member spoke in Hindustani. For Hindustani text see Appendix to the Debates for the 3rd April, 1947. English translation given below—*Ed. of D.*)

Sir, I have been obliged to open my lips on hearing the speech of the Leader of the House. I heard his speech with great surprise and sadness. I thought could he be the same Pandit Jawaharlal Nehru who, with his speeches and lectures created a great stir in India's quiet atmosphere? I say with due deference, that his today's speech was greatly disappointing. It sounded as if a sundried bureaucrat was talking. Sir, I think it was an inauspicious day in the history of India when you gentlemen came to occupy the Treasury benches.

Sir, I don't find even the smallest difference between I N A prisoners and Pandit Jawaharlal Nehru. The words which he and his companions used in their speeches show that they hold the I N A personnel as criminals notwithstanding that they, too, were arrested for the same alleged crime that is 'waging war against the King'. (Interruption) Don't try to give proof

of your being 'His Master's Voice' Listen quietly I was saying that Pandit Jawaharlal Nehru and his companions took a prominent part in a non-violent war for freedom of India Was not this war against the King? The I. N. A. personnel, however, thought that chains of slavery could not be broken by non-violence, violence was necessary for it You wanted to win the war by non-violence, and they wanted to win it by violence, where was the harm in it? In my opinion there is no difference between you and them Pandit Jawaharlal Nehru was telling us that the Interim Government unanimously decided to let off the I. N. A. prisoners The United Press of India published a news that the unanimous decision of the Cabinet was to release the I. N. A. prisoners but the G. H. Q. was putting up a strong opposition I have had my experience about it In the Defence Consultative Committee when the question of the release of the I. N. A. prisoners came up the Commander-in-Chief showed his displeasure Now we have to see what practical step you have taken for the release of the I. N. A. prisoners after coming to these Benches It may be recalled that last year it was voiced out from every corner of this House that I. N. A. prisoners should be released My friends who are sitting on those benches may deny it today for political reasons and may raise their voices against it I know of their helplessness! Pandit Jawaharlal Nehru and Mr. Liaquat Ali Khan who are nominated members may oppose it, but have not the elected members who are the real representatives of the people, a right to demand the release of the I. N. A. prisoners There will be hardly any elected member in this House who is against the release of the I. N. A. prisoners The Minister for Foreign Affairs desire to act according to the advice of his adviser H. E. the Commander-in-Chief This is probably his new principle For the late Governments we used to say that they danced to the tunes of White Hall and now you try to dance to the tune of C-in-C You say that if the advice given by the Commander-in-Chief was not acted upon he may resign I oppose your ideas at the top of my voice If my voice does not reach you it is the misfortune of our country If you block your ears with cotton and do not listen to our pleading you can do so but if you listen to our voice it will be our and our country's good luck You say, and it has been decided that the British will leave India in 1948 If the Commander-in-Chief wanted to go tomorrow he could go today with pleasure

Mr. Hirtzel (Bengal European) We shall also quit'

Mr. Siddiq Ali Khan: Yes you will also quit, because you have amassed a big lot of India's money You have already started preparations to quit and have already sold three of your largest firms Sir, I feel exceedingly sad that Pandit Jawaharlal Nehru gave expression to such thoughts I say that that irresponsible Government did much in this connection during the three months of its tenure but you have been sitting on these benches for the last 8 months and you have done nothing for the I. N. A. men The only thing you have done is that their cases might be reviewed by the Federal Court It may be recalled that during the time of that irresponsible government I proposed a resolution and our Qaid-i-Azam Mr. Jinnah made a long well grounded speech demanding the release of the I. N. A. prisoners Mr. Mason, the War Secretary said that he was prepared to release I. N. A. prisoners except those who were charged with brutality That irresponsible government was prepared to release, if not all, at least a majority of them but today we hear such big leaders—leaders who are reputed to be the true sons of our motherland, leaders from whom the country had great expectations, say that they were not in a position to decide the question Our leaders are smiling in their seats I am afraid indeed, I have no reason to be afraid inasmuch as I speak the truth You are sitting on those benches Your number is 14 One of you is Sardar Baldev Singh, the Defence Member He belongs to the Martial Class These valued members want to decide India's fate and they have already done it to a great extent They cannot

[Mr Siddiq Ali Khan]

however, decide the problem of I N A prisoners. I had an intention to say more but I find no need to say anything further, except this that I strongly oppose the proposal of the Leader of the House. I know and you know that soldiers and officers of the I N A in order to free India offered their lives, the most precious thing in the world, at the altar of the goddess of freedom. When you, who were once declared as rebels and enemies, can sit on these benches why should the I N A prisoners be not released and recruited to the Indian Army. When the only object of the I N A men was to free India can't you use your good offices to get them released. I appeal to you with all the emphasis at my disposal that leaving aside the communal question of Hindus and Moslems you should try to secure the release of those who have suffered so many miseries for India. I want to tell to the Leader of the House that I N A men were not getting Civil employment. His information is wrong that they were being given employment as civilians. Had it been true there would have been no questions in this House about their employment. Is not the reason of their unemployment the fact of their connections with the I N A ?

Sir, the Commander-in Chief acting upon the golden principle of British diplomacy has given the proof of his being the first class British diplomat. He wanted in connection with the release of the I N A prisoners to bring into play the policy of 'Divide and rule' that is, he did not release the prisoners patronized by the Muslim League. I should appeal to the Leader of the House not to fall a victim to the British policy. I appeal in the name of humanity, I appeal on behalf of the I N A prisoners and their miserable family that they should drive out from their minds the thought of referring their cases to the Federal Court. They should announce now and here that they will be released at once. I assert that the demand of this House is the demand of the whole country. You may recall that the release of the I N A prisoners was demanded unanimously from all parts of the country. The police had to take resort to shooting and a lot of loss of life and property was caused. I appeal to you in the name of those who were thus killed to release the I N A prisoners. Our party made this demand from every platform. Our leaders, who are occupying the Treasury Benches, were present when Qudus-Azam Mr Jinnah demanded the release of the I N A prisoners. If you honestly think that this is not the opportune occasion for the discussion of the resolution or that it would serve no useful purpose then say it plainly. To say that H E the Commander-in-Chief opposes the release or to evade the issue by referring to the Federal Court is not the right course. You are sitting among the members as statesmen. If you are not courageous enough I humbly suggest that you should vacate those seats so that others may come and act courageously in this connection.

Sir, I support Khan Abdul Ghani's resolution and finish my speech.

Mr. Muhammad Nauman (Patna and Chota Nagpur *cum* Orissa, Muhammadan). I do not suppose I need say any more after the able speech of my friend Mr Siddiq Ali Khan, who has brought out all the facts and without any effort on his part displayed his sentiments as well. He has tried to impress the House on the position that the members of this House have taken for a long time. I was really disappointed at the speech which the Honourable the Leader of the House made, as I used to think, and so did the country, that Honourable Pandit Jawaharlal was one of the greatest sympathisers

of those rebels who joined the Indian National Army. We never thought for a moment that his support and his Party's support of the Indian National Army could have been reduced to the position of a political stunt and was being used for that purpose and there was no sincerity behind it. If the Honourable Members of the Interim Government are not prepared to concede to the wishes of the country and the people, it will reveal one fact and it is this that when they were defending these cases

of the I N A people, they were not honest to their own conscience. I take it that those in the Congress were doing it with certain mental reservations and that they did not say then what they are trying to say to this House today. The matter has gone up to the Leader of the House and he says that the matter was given due consideration by a court and he now proposes that another court should be referred to for further examination. I can cite instances in which murderers of 1942 who were sentenced by the Patna High Court have been let off. The murderers who killed two Canadian airmen at Futtwah in Patna district in 1942 and who were condemned by the Patna High Court were acquitted by the Congress Ministry when it came into power. If that could be justified, if the Congress Ministry had any justification for that I think the release of these I N A prisoners has a better justification. I was really disappointed when the Honourable Member Pandit Jawaharlal spoke and the fate of these people who are still in jail is illustrated by the poet who said

*Vae qismat aj wo bhi mujko kah tey ham bura
Ham hoi subse bura jukhey leai*

The translation is "Imagine my misfortune. Today even those are now giving me bad names for whom I incurred displeasures of all others and for whom I lost everything and for whom I have been dragged to this position." Whether they are patriots or rebels is a matter of opinion but the Honourable the Leader of the House has called them patriots for all time and has called them as the torch-bearers of freedom and who did what they did with the same sentiments and feelings as Honourable Members of Congress group have been doing in 1942. The differentiation which is sought to be made now, because Interim Government Members could not persuade the Commander-in-Chief to agree to a certain point of view is something in which at least I cannot see eye to eye.

Prof. N. G. Ranga (Guntur *cum* Nellore Non-Muhammadian Rural): You cannot. You have not learnt to fight.

Mr. Muhammad Nauman: I do not want to answer my friend Prof. Ranga, because he changes with the times. Sometimes he is a socialist and at another time he becomes supporter of capitalists. Sometimes he is one of the Congress supporters of the I N A prisoners and now he is trying to pull my legs as he is willing to stick to his former ideas. Sir, I do not want to take much time of the House and I would only say that we stand committed to the point of view that we had and to the point of view that our Qaed-e-Azam placed before the House in his very elaborate speech which he made in the House on the I N A prisoners. My Honourable friend Mr. Siddiq Ali Khan has already pointed out that throughout the length and breadth of the country resentment was displayed not only by resolution but by meetings, etc.

Mr. Deputy President: The Honourable Member can continue his speech after lunch.

The Assembly then adjourned for Lunch till Half Past Two of the Clock.

The Assembly reassembled after Lunch at Half Past Two of the Clock, Mr. Deputy President (Khan Mohammad Yamin Khan) in the Chair.

Mr. Muhammad Nauman: Mr. Deputy President, I do not propose to take any longer time of the House on this Resolution. I only want to say a word about the Qaed-e-Azam's speech on the 11th February 1946. I do not even want to quote the whole of his speech but only that part of it where he stated "release them all without any question" that was the gist of the speech which he made and which was quoted by all sections of the House then sitting in the Opposition. Mr. Asaf Ali and other Members of the Congress Party were all one and expressed the same views which I need not quote. I would only refer to the entire debate of the 11th February 1946 which Honourable Members are probably aware of. I want to impress that we are bound to take this view that the I N A prisoners who are prisoners today are in the

[Mr. Muhammad Nauman]

same position as other patriotic persons who are in the Government today. If not any better, they at least deserve this that they should be released and no time should be lost on one pretext or another or on any more examination by any court of law. With these few words I support the motion.

Mr. Krishna Chandra Sharma (Meerut Division Non-Muhammadan Rural). Sir, I was very attentively listening to the speech of my young friend Mr. Siddiq Ali Khan and I quite appreciate his youthful enthusiasm, impatience and desire to get the I N A prisoners released. There is not a single man in this House who does not want them released. As Mr. Nauman said, we passed a Resolution on a former occasion and demanded their immediate release. We still want their immediate release. The question of their release has often been discussed and the House has not seen eye to eye with the judgment of the court that they were guilty either of brutality or of any other offence. It is an accepted principle that punishment does no good to anybody unless it is either deterrent, that is, it keeps people from committing the offence, or it is reformatory, that is, it so educates them that they would not commit the offence, punishment is given in order that that crime should be prevented. The claim of India's independence having being recognised and being acted upon where is then sense in keeping these young men in prison?

In the case of these young people, that is the I N A prisoners, they turned against the British Army, organised themselves into a national militia and waged a war against the King, the established authority. Now, Sir, one fundamental thing in life which should be accepted even in law is that you have no right without the liability. In the case of these prisoners they were left adrift in a foreign land without any responsibility, without any protection without any care whatsoever on behalf of the British Government. As such the British Government could not demand any loyalty, any allegiance, any obligation from those people, having denied them any obligation of protection care or looking after them. They were no longer in that sense, Sir, the members of the British Army paying allegiance to the King Emperor or to the people working on his behalf.

There is another point. They formed themselves into an organised army and waged war, not for war's sake but for the liberation of their motherland. This sentiment has been very much appreciated by the people of this country. Sir, I submit that where a country's people like a thing it is in law no crime. After all what is law and what is justice? There is no such thing as abstract justice or abstract right. Justice is what the people demand, what the people say. We as representatives of the people come in this House, produce Bills, get them enacted into law. The administration of justice is in accordance with that law. That law is framed by the people themselves. So, when a people stand up and say that in the eye of the people it is no crime, then justice demands that that act should not be regarded as crime and a man punished for that act is punished wrongly in the eye of law and it is against justice. Taking that view of the case these people are unjustly behind prison bars. The people don't want them to remain there any longer. And it is against law and principle that they should be there. But anyhow there was a competent court. That competent court tried these young men and as has been said by the Honourable the Leader of the House they have not been punished for waging war against the King but for certain acts of brutality certain acts which war against the conduct of a civilised man, against the conduct of civilised people. Now, Sir, it is very difficult to detach a fact from the context of a series of acts and circumstances in which a man is placed. A man acts under certain circumstances. It is said by the greatest psychologist of the age that the poor man has only two parts to play out of ten. Eight parts of his conduct are determined by the circumstances in which he is placed. Very little of independence, of liberty is left to the poor individual.

Now, these young men having been placed in a situation in which they were fighting for their motherland, for the liberty of their people it was not possible for them to be very nice in doing things and as such it would not be right to judge of their conduct divorced from the atmosphere and circumstances in which it took place. The trial took place at a time when passions were roused and it was difficult—though the judges may be honest and they were honest of course—to judge things in that detached and dispassionate way in which the trained judges would judge the facts of a case and in this case the judges were not the trained judges in the sense that they were not lawyer judges. They were judges from different departments and they look more of an administrative or departmental view rather than a judge's view. So, Sir, this trial was held at a not very favourable time and not under very favourable circumstances and the judgment was delivered by the judges according to their own light. Many things might have been taken into consideration which to a trained judicial officer might have been irrelevant and should not have been taken into consideration. So the case would have been differently dealt with if it had been heard by judges of long standing. I as a lawyer fully believe that the learned judges of the Federal Court will take a view which would certainly accelerate the release of these young men. I fully believe in the justice of their case and I have no doubt whatsoever that if the cases were reopened and re-examined they would get justice and be released. Suppose they are not released and the judges find that they were properly dealt with. Then it is upto us again to raise the question and say that we are the final people to say what is justice and what is not justice and we as the representative of our people say that the law under which these people have been convicted is unjust and it is not our law and that the punishment given is unfair and we demand that the sooner the punishment is done away with the better. That would force the hands of the Government. It is far from me to suggest that I do not want their immediate release. I do want then release but I want that their cases should be heard afresh. Every man who likes justice and wants things to be done in accordance with justice and in accordance with law would like a procedure by which the judges trained in legal procedure, would give us their independent and unbiased judgment. There are two separate things—one is waging war and the other is acts of violence which is against the conduct of civilised society and which is inhuman. If waging war against the King was no crime and was not punished, then certainly an act of brutality here and there in unavoidable circumstances and done in an atmosphere of passion should not be punished. You have to take the case in its broader aspect and taking a broader view I have no doubt that the trained judges of the Federal Court will come to a decision which will be both just and fair and which will result in the release of these prisoners. With these words, I resume my seat.

Sri M. Ananthasayanam Ayyangar (Madras Ceded Districts and Chittoor, Non-Muhammadan Rural). I have very great regard for my friend Mr. Siddiq Ali Khan. He is an honest man but I am afraid he is confused in his mind as to what he wants. (Interruption). Does he really want to make this a motion of no confidence against Pandit Jawaharlal Nehru or the Government or is he interested in getting the I N A men released? I do not attribute any motives. He is so good, I know it. The difficulty is he himself is not sure about the remedy. What the Government and Pandit Jawaharlal Nehru said is a compromise has to be arrived at. Otherwise it will come to this—the Government may go and others may take his place. I would like to know if this is not a step taken by the Government or was there a difference of opinion? I find my friend the Finance Member laughing.

The Honourable Mr. Liaquat Ali Khan (Finance Member). I always laugh.

Sri M. Ananthasayanam Ayyangar: I am very glad. You are always cheerful. It looks like a case of Nero fiddling.

The Honourable Mr. Liaquat Ali Khan: Not fiddling but laughing.

Sri M. Ananthasayanam Ayyangar: Why that laughter? If you were not in agreement, you could certainly have expressed your disagreement in your own way. We take it from the Leader's statement here that it is the unanimous opinion of the Government. Now, let us try to look at it dispassionately and see what it comes to. I have here the speech of the Honourable Mr Jinnah which he delivered on this motion last time in this House. He supported Nawab Siddique Ali Khan's amendment to the original resolution but there was a further amendment by Mr Mason, who was the Secretary of the Defence Department at that time. He said 'Except in the case of those persons who have been guilty of brutality'. Mr Jinnah said

"Release them all. I have gone through the record and I am not satisfied that Mr Rashid is guilty of brutality."

Therefore, he accepts the contention that if Mr Rashid should be guilty of brutality, he would certainly not support the Resolution wholly and he would be prepared to accept the amendment of Mr Mason. Whatever may be the position of the man and however much he might have sacrificed—I have also sacrificed for the cause of my country—, if he becomes a brute, then I would say that I am not in his favour and let him not be released. In such a case there should be on question of patriotism. If a person has been guilty of brutality and the Court Martial has already inquired into the matter, then normally the newly appointed authority would say that the judgment must stand. But now, we have got the very eminent Judges of the Federal Court of India who will go into this question as to whether they are really guilty of brutality or not. These Judges are our Judges and let us abide by their decision. I would, therefore, say that it is not a matter on which we should divide.

There is one other misconception. It is said that if the leaders of our parties are not able to do, then who else is going to do it? I can easily see that if some white gentleman was on the Government Benches, we will all level our abuse against him because it is not against his country. But that we are not able to do now. Whatever may be the merits of my Honourable friend Nawab Siddiq Ali Khan to bring about a Revolution immediately, I do not feel quite competent to do so. I am not attributing any motives to my Honourable friend, but he was attributing incapacity. On the other hand, they were quite alert.

Mr. Siddiq Ali Khan: Did the Honourable Member really understand my speech?

Sri M. Ananthasayanam Ayyangar: The Honourable Member spoke in a language with which I am not familiar and apparently he did not want me to understand it. It is not so much my fault as it is his. But in whatever language my Honourable friend may speak, I have known him for the last 12 years and I have always attributed goodness and honesty to him. He is more enthusiastic today and I was equally enthusiastic if not more, last time.

Sir, I would like to say one or two words to correct a mistaken impression. Nobody wanted to deceive the country. I won't attribute such an idea to any member, be on this side or that side. All of us are interested in these honourable men and the sooner they are released and come back to our midst the better. As a matter of fact, some of our friends in their enthusiasm to get them released attributed laudable motives to them when they defended them. Really speaking, these persons underwent lot of sacrifices for the cause of the country. The Honourable the Leader of the Congress Party, the late revered Mr Bhulabhai Desai, threw his heart and soul to get these prisoners released and it was that strain which hastened his end. It was mainly on account of his efforts that most of these persons were released. It is only these 7 prisoners who were not released. May I ask against whom are we fighting now? The Commander-in-Chief is not here. In fact, I do not see a single white man on the Government Benches.

Maulana Zafar Ali Khan (East Central Punjab Muhammadan) May 1 interrupt the Honourable Member and ask him one question? He was speaking of the Commander-in-Chief. But is not the Commander-in-Chief along with other officers going to leave India by June 1948? So, what do they lose when they are going to leave?

Sri M. Ananthasayanam Ayyangar: They have nothing to lose and I would even appeal to them not to worry. But what have we to lose if they get away by June 1948? I would then be able to say that these 7 men should get their freedom. We have also been in jail. I was in the jail for five years. Let it be said to the credit of this gentleman that he did not fight on the battle-field of Burma. Let him for our sake be in jail for another one year. We feel that we have been unable to release them now, but the moment we get freedom, we will go to the Member in charge and see that they are released at once. But if you are absolutely pessimistic about it, nothing is going to come out of it. Let us, therefore, join hands. We are sorry that these gentlemen are in the jail and have particularly suffered. But I feel that Mr. Siddiq Ali Khan was also in jail for some years. I was there for five years leaving behind my wife and children. I know what the difficulties of jail life are. It is very hard to be in jail. We may be fed and clothed, but our nerves get shattered.

The Honourable Mr. Liaquat Ali Khan: But your brain and intellect are all right.

Sri M. Ananthasayanam Ayyangar: I, therefore, see no harm in following the course suggested by the Leader of the House. After all, our Judges of the Federal Court will go into this matter. Let us not therefore make this occasion for mutual recrimination. Our own people are now in the Government and they have arrived at the compromise to refer this matter to the Federal Court. Let us abide by their decision. So, let this Resolution be withdrawn or leave be given for withdrawing it. Let us not divide on this small issue.

Sjt. N. V. Gadgil (Bombay Central Division Non-Muhammadan Rural) (Bom) Mr. Deputy President, Sir, I have great respect for my old friend Mr. Siddiq Ali Khan, and, in fact, his speech moved me a good deal. At the same time I cannot forget and be unmindful of the fact that the Government of the day is unanimous in making the proposal for a reference for the determination of facts to the Federal Court. Therefore, let us not make capital out of this very delicate situation. If those who are today in the Government say something which is different from what they said when they sat on the Opposition Benches, they certainly do so with a sense of responsibility. There must be some very overwhelming reason to justify the course they have proposed. It is our duty and responsibility also not to embarrass them any further. I would, therefore, request the Honourable Mover of this Resolution to ask leave of the House to withdraw his Resolution.

Pandit Govind Malaviya (Allahabad and Jhansi Divisions Non-Muhammadan Rural) Sir, nearly two years ago, when the results of the last elections to the Central Legislative Assembly were being announced, I went to the

3 P M office of the Returning officer of my constituency and on being declared elected from that constituency, the first thing I did was to send to the Secretary of the Legislative Assembly a notice of a Resolution to be moved in this House for the release of I N A. prisoners. I say this to indicate that that was a reflex of the intense feeling which prevailed in this country on that point. The first thing which struck a man who was declared elected to the Central Assembly, the first impulse which he had was to send a notice of a Resolution for the release of these men. I did so. Later on, on the first non-official Resolution day of this House, I had the privilege of moving that Resolution. It was discussed for many days and eventually on the last occasion when it was to be taken up again, as I happened to be absent from the House on account of the serious illness of my late revered father at Benares, the consideration of that Resolution was postponed. At

[Pandit Govind Malaviya.]

that time I sent a telegram from Benares to the Honourable the President saying,—I would have read it out now if the Secretary could give me a copy of it,—I said in that telegram that in view of the changed situation in the country, in view of the fact that the very men who had galvanised this country into action on the issue of I N A men and their trial, then sat here on the Treasury Benches forming the Government and holding in their hands the reins of administration every day and were going to decide as to what should be done in that matter, in other words, in view of the fact that the people from whom we had taken the lead in asking for the release of these men were themselves in charge of affairs and could therefore be trusted to look after the whole matter from the point of view of the feeling in the country, through my telegram I begged for leave to withdraw my Resolution.

That was the position then. Since then we now have this fresh Resolution, the same Resolution in a fresh form before this House. Today the question is being debated as to whether, after the viewpoint of the country on that issue has once again been expressed before this House, whether that Resolution should now be withdrawn and we should give an opportunity to the Government which sits on the Treasury Benches today to pursue the matter and to deal with it in the most satisfactory manner which may be possible or whether we should press this Resolution and so to say express our lack of confidence in (a lack of agreement with those who are now in charge of this affair. Sir, when I moved my Resolution my Honourable friend Nawab Siddiq Ali Khan moved an amendment to it. I shall be grateful if my Honourable friend will kindly give me his attention, because it is he who has raised this point today. Sir, last year to my similar resolution, his amendment was:

'In view of the special circumstances under which most of the personnel of I N A joined it and in view of the policy laid down by the Government and action taken by the Commander-in-Chief in dealing with the sentences passed by the court martial, this Assembly recommends to the Governor General in Council to release all officers and men of the I N A whether under detention or under trial.'

My Resolution was a plain and simple one asking for the dropping of pending trials and for the release of those men. My Honourable friend submitted an amendment, a substitute Resolution as the Honourable Member for Bombay, Mr Jinnah called it. By that substitute Resolution he wanted to express the view that he was in favour of the release of all men only because of all these other things which had already happened and because of the attitude which the Commander-in-Chief had taken. I know Sir, the time when one of us can have today is limited and I cannot therefore work up the points and show us to what the attitude of my Honourable friend and his other colleagues on that day and subsequent days during the debate on that Resolution was. But I will read what Mr Jinnah said about it.

"Having put them on trial and having got a judgment after days and days of trial you funk and reduce it to a farce. The first blunder was to start the trial the second blunder was to make the farce of a judicial judgment and sentence passed."

and the very next moment, he pleaded that since that had been done, since a few men had been released, he went on to mention the name of Shah Nawaz since he had been released, "you cannot funk at it, I cannot understand your stopping there, you must release others also."

I am saying all this to indicate that the Resolution that was then moved on this floor of the House had not the unstinted and wholehearted support of my Honourable friends over there. They know it, we know it. The records will show it. The fact that that Resolution went on for three days shows it. Today my Honourable friends have found new love and new enthusiasm for these good men, these good men whom we then supported and support now:

whom we then canonised. But the cat is out of the bag, when my Honourable friend says that the Congress ministry has not done this and has not done that.

I would very dispassionately and in the friendliest spirit ask them to consider this. We have June 1948 staring us in the face. It is due to the attitude which some people in this country have adopted that we have still to carry this reck load of the British in this country till June 1948. If the attitude of all of us if the attitude of every part of this House if the attitude of my Honourable friends opposite, had been clear and emphatic, had been one of co-operation and mutual goodwill and united action, then all this would have ended long long ago. Unfortunate as it is, we cannot deny the fact I am not trying to apportion the blame either there or here or anywhere, I am simply mentioning the fact, that it is the attitude of some of my Honourable friends and those who stand with them that we have still to wait and adjust ourselves for June 1948. It is not an ordinary matter. If June 1948 is to be negotiated successfully and to admit, and good-will and with mutual settlement and adjustment, then a number of things will have to be done which we would not have otherwise liked to do. We will have to yield, we will have to concede, we will have to negotiate, we will have to compromise, we will have to swallow many things which we might not otherwise have liked. Therefore the responsibility for that situation, the responsibility for this unhappy present situation rests on the heads of those amongst us who have not taken that united attitude in the past. This Government today is faced with peculiar difficulties. I would like that we should have a cut and dried, unqualified and unreserved Resolution on this point asking for the complete release of I N A men here and now, at this moment. But let us not forget that we have now got men dealing with the matter who are fired with as great a zeal and who are as deeply interested in this matter as any one of us can be. Indeed it is they who first raised this question. It is they who blazed it throughout the length and breadth of this country—and it is not that anything else can be nearer to their heart than the release of these men. But in national affairs, in the affairs of a country and people, very often comparatively small things have got to be given small places than bigger things must have. As I said June 1948 has to be arranged for, the transference of power from the hands of the British to the hands of the Indians has to be arranged for—mind you, I say to the hands of the Indians, not to the hands of the Congress alone, not to the hands of the Hindus alone, but to all Indians belonging to every section and every party. Therefore I say that the situation has changed. And another evidence of that fact is that when last year on the 4th of February I had the privilege and the honour of moving my similar Resolution, there was not an inch of unoccupied space anywhere in this House—the public galleries, the press gallery, the official gallery, the Victoria's Box, all of them were packed to suffocation. What is the case today? Don't you see the change? Don't you see the difference? Why is this so? Because, people know that now on these Treasury Benches sit men who will not allow anything to be done which is against the honour of India, which is against the interest of an Indian whether in the jail or whether outside. There is my Honourable friend the Finance Member, sitting on the Treasury Bench. I would gladly leave it to him to find out what to do. I will not make things more difficult for him and other members of our government, by saying anything more. I will not let them down. I therefore submit I who had the honour of moving that Resolution, I, who pleaded so vigorously for it. I stand here to say today that the situation has so completely changed, that while we want our Government to take the fact into account that the whole country will be happy to see the release of all these persons as early as possible, yet in view of what the Honourable the Leader of the House has stated, namely that he is going to get the whole

[Pandit Govind Malaviya]

matter reviewed by Judges of the Federal Court and to take action accordingly, we feel that we should give them our full support and we should not press this Resolution. Ends of justice and our duty will not in any way be jeopardized by that act and, in the net result, I am certain, we shall achieve the same object which we can have in passing this Resolution, namely, the release of the men of the Indian National Army.

Shri Satya Narayan Sinha (Daibhanga cum Saran Non-Muhammadan)
The question be now put

Mr. Deputy President: The question is

‘That the question be now put

The motion was adopted

Khan Abdul Ghani Khan (North-West Frontier Province General) I am the most unhappy Member of this House since I have heard the statement of the Honourable the Leader of the House on my Resolution of which I am a step-father as my Honourable friend, Mr. Malaviya, told you several times in his speech that he is the original father. The Leader of the House during his speech talked about the mental conflict in human beings. I have been suffering from that mental conflict from the very moment he mentioned it, because as you must have all seen from the speeches on various sides of the House, all India is united in the demand for the release of the I N A people, whether they are brutes, whether they are inhuman, whatever they are, India has decided to take them into its heart. You will not find in any community even today and it is almost impossible to find every section of society agree on one thing, but this is one of the few things on which the whole of India agrees that these people should be released. They are not very many. Up to now we have been given several kinds of arguments. I will not go again into that question of brutality, although I disagree with the Honourable the Leader of the House and my Honourable friend, Mr. Sharma, that there is a line of demarcation between one kind of brutality and another. I think we have voted in this House 188 crores of rupees for ammunition and bullets and gun powder, and every member of this House is as responsible for the brutality of the soldier as the soldier himself. There can be no demarcation unless you want to create a comfortable one to console yourself and have a good dinner when the war is going on. We are told that if these I N A people were released, it will spoil the morale of the Army, while, as my Honourable friend put it, the Member who are now adorning the Treasury Benches are old jail birds. Up to last year we used to see their names in No. 10 Section of the Government in which they keep all the bad characters and if the Honourable Members would turn a few pages they will find there the names of thieves, wife-killers, murderers, and so on. All those are still in the books—I am still in No. 10 Section in the North-West Frontier Province!—and those people who broke the law were revolutionaries, and the best revolutionaries are on the Treasury Benches today. If the installation of Pandit Jawaharlal Nehru as Prime Minister is not bad for the morale of the Army, I do not see how the freedom of a few important army officers will spoil their morale. All these arguments come to one mind. From the speech of the Leader of the House and from the speeches of other Members of the House, we have more or less got the impression that it is the Army authorities who—I believe, for reasons of their own for reasons of discipline, or for reasons of personal prestige, or because this will be a sort of vote of no confidence in their judgment and impartiality—have advised the Government that they should not press this point just now. There is a good proverb in your language—Urdu, *Asman se qir khaajoor men latke*. If the Army authorities could find their way to forgiving thousands of I N A people who had committed a much more serious offence according to their point of view, namely, waging war against the King, if

they could forgive them, why could they not forgive, one wonders, these ordinary crimes even if they did commit them. There is a proverb in my language which means an 'elephant has passed through but its tail got stuck'. I cannot understand, Sir, why the Army authorities should go out of their way to turn down the release of 4, or 5 or 7, ordinary army officers. It is a point of honour on which they are going to precipitate a national crisis and are putting a member like myself in a most miserable state of mind. I found as I listened to the statement of the Honourable the Leader of the House, I realized not from what he said but from a lot of what he did not say, that the Government in spite of his wishes, in spite of the fact that the Government realizes that if we do not pass this Resolution to-day, and that it will have a rather bad effect upon the average Indian and give the Government rather a poor name among the Indian people, because the people like strong and revolutionary action. But I realized that the situation was such, he was so placed, that he was himself suffering from that mental conflict and he had to sort of waive aside all the work he had done last year before he became Minister, because so many people mentioned in this House that it was Jawaharlal Nehru who started the Indian National Army in India. But the situation in the country is such, as my friend Mr. Ananthasayanam Ayyangar put it very ably that it is impossible for us to force a crisis on the Government in a period when there are too many crises already. Therefore these are the two sides of the conflict which have made me miserable since this morning. I feel extremely sorry that we could not behave in an irresponsible way and make vigorous and combative speeches like Mr. Siddiq Ali Khan. We have a depressing feeling of responsibility and have to talk like a seasoned Conservative while we feel like red-hot revolutionaries. Therefore in view of the greater issue involved and with great sorrow and reluctance, I would beg leave of the House to allow me to withdraw this Resolution.

Mr. Deputy President: Has the Honourable Member the leave of the House to withdraw this Resolution?

The Resolution was by leave of the Assembly withdrawn.

RESOLUTION RE APPOINTMENT OF A RETRENCHMENT COMMITTEE

Sri R. Venkatasubba Reddier (South Arcot *cum* Chingleput Non-Muhammadian Rural) Sir, I move

"This Assembly recommends to the Governor-General-in-Council to appoint immediately a Retrenchment Committee consisting of officials and non-officials for examining the increase in cost of administration in each of the Central Government's Departments and in particular of the personnel, and to suggest ways and means for reducing expenditure and for the absorption of such additional personnel as may be possible in essential Post-war Schemes arising out of Post-war planning as approved by the Assembly."

Sir, in commending this Resolution for the acceptance of this House I cannot do better than quote from the Administrative Directory of the Government of India which has been prepared under the direction of the Government of India, page 122. It is said that

"Before the war there were nine Departments in the Government of India and some 50 odd officers. Today, there are 19 Departments and over 200 officers. In addition there have been established a number of new executive offices of varying strength and there has been a great increase in the number of committees and advisory bodies. It is no longer possible for any officer, however long he may have been in a Department to judge with any degree of certainty the scope and ramifications of the Department."

This is what is stated in the Administrative Directory of the Government of India, the latest which was placed in the Library of this House on the 23rd October, 1946.

[Sri R Venkatasubba Reddiar.]

I shall also refer to an article in the Eastern Economist, dated March, 14, on page 494 by one V K R V Rao Referring to the Budget he says

"The major reason for this deficit, however, is the large volume of expenditure which the Central Government proposes to incur. The magnitude of this factor becomes evident when one compares the pre-war expenditure of Rs 85.15 crores with the total of Rs 327.88 crores for 1947-48. Civil expenditure in 1947-48 is 333 per cent of that in 1938-39 while the expenditure on defence is 408 per cent of that in 1938-39."

Later on he says

"It cannot be maintained that the governmental establishments are rendering even twice the service they rendered in 1938-39, and yet their expenditure is nearly 400 per cent. of that of the pre-war years. I would like to state emphatically that it is not the Government of India's expenditure on unproductive civil and defence establishments that is going to prevent depression. On the contrary it is adding to inflation, preventing the productive re-employment of human talent and making certain the onset of depression. It is high time that the public and the Legislature asserted themselves and demanded a speedy policy of economy and retrenchment in Government expenditure, such as will bring down at least to the level of not more than 200 per cent or 300 per cent of the pre-war period. It is clear therefore that and could have been dealt with if an Economy Committee had been appointed six months ago."

When I spoke on the Finance Bill I referred to this. I drew attention of the Honourable the Finance Member to his budget speech. I told him that he need not have been so very apologetic in that speech. He was proposing to appoint a Committee to find out means of retrenchment. But he wanted the House and public to know that he did not necessarily mean retrenchment. I am certain what he meant. If he did not want retrenchment and economy in expenditure, I do not know what the purpose of appointing a Committee like this is. But I want to impress on him, Sir, that just as it is stated in the Eastern Economist this sort of expenditure, which is not necessary, is not adding to the wealth of the country. You are spending on unproductive works and you won't be creating wealth or preventing depression. On the other hand, you will be creating inflation by keeping so many people in services that are not necessary and keeping them on a scale which is not commensurate with the income of this country. I pointed this out on the last occasion. Again when I had the fortune to draw this Resolution, I thought I might take this opportunity of again commending this to the Honourable the Finance Member to the need for appointment of this Commission and to retrench the expenditure of the Central Government.

In moving this Resolution I have not only said that ways and means should be found by retrenching the expenditure of the Central Government, but the last portion is worthy of note. I have said

"To suggest ways and means for reducing the expenditure and for absorbing of such additional personnel as may be possible in essential Post-war Schemes arising out of Post-war Planning as approved by the Assembly."

There were ten departments before the war commenced and there are 19 departments at the end of the war. It is nearly two years since the war was over and what is the situation today. I do not find that any department has retrenched its staff or the expenditure curtailed in any of the departments. On the other hand, the other day I put a question to the Home Member asking him to give me particulars of the Additional, Joint and Deputy Secretaries appointed to posts created in 1946-47. In reply to that a statement was placed on the table of the House from which I find the following particulars: Two new posts of Additional Secretaries, each post carrying a salary of Rs 3,544 per month have been created. 9 Joint Secretaries on a pay of Rs 3,001 p.m. have been created. Another 24 posts of Deputy Secretaries have also been created of which 19 have been filled and five remain yet to be filled. The total cost of these 35 posts comes to very nearly Rs 65,000 a month. Now that the war is over the work of the departments are also

getting reduced and I do not see any need for the creation of these new posts. Our information is that some of these departments are over-staffed

The other day, the Secretary for Works, Mines and Power in moving the Bill for rent control in Delhi and Ajmer-Merwara stated that the strength of the Central Government establishment has increased four times, and even more and therefore it was very difficult to find accommodation for all the offices and for the staff. Where is the need for all these departments and staff? If a competent body is appointed to find out what is the real situation in each department, retrenchment could be effected without prejudice to the efficiency of the work and they could also suggest ways and means as to how these retrenched personnel could be absorbed in other departments. If that committee is appointed at the earliest possible moment, it could do a useful piece of work not only for the Government but also for the public at large. There are brilliant men who are now rotting in the departments of the Secretariat wasting their talents on files. They should be made creators of articles which this country is in need and they could produce them with efficiency and very easily so as to compete with the products of other countries.

The other day I said that more opportunities should be given to the public to open new industries. I also suggested that the Government themselves should take up many more industries, they could nationalise some of the industries and absorb all these men who would be thrown out of employment. This would create new openings for these people who might be out of employment. I do not suggest that all these people should be thrown back on society without employment. When this fact was mentioned outside the House the Leader of the House and the Honourable Member for Industries and Supplies said that it would be wrong to throw out many of these young men without any employment. But I ask is it fair to keep all these people in employment, go on collecting taxes, levying fresh taxes and maintaining these men at the cost of the public without their doing any useful work or adding to the wealth of the country?

Some of us have been agitating for an increase in the price of foodgrains. The answer was that if the price was increased by eight annas or one rupee, it would at once create inflation in the country. But what is it that the Government is doing themselves? The Government is doing exactly the very thing which they do not want to do with regard to the masses who are the toilers and on whose toil all of us have to live. I shall give you the figures with respect to some of the departments. Take for instance the Finance Department. Before the war, there was one Secretary, one Joint Secretary, two Deputy Secretaries and 5 Under-Secretaries. In 1917 there is one Principal Secretary, one Secretary, one Additional Secretary, Four Joint Secretaries, 9 Deputy Secretaries, 5 Under Secretaries and 9 Assistant Secretaries. Besides these there are ten Financial Advisers of whom there were none before the war. It is similarly the case with other Departments also. I can understand Department growing. I do want that some Departments should grow. For instance, the Department for Works, Mines and Power, Labour, Commerce and Industries Departments should grow. I have no quarrel with those departments increasing. They are expected to do useful work and to devise ways and means of increasing the wealth of the country. I would not grudge spending money on these departments but to create departments and go on spending money on them without any productive value of increase in the wealth of the country is a thing which I do protest against.

The other day we were told by the Defence Department that it was not possible to make any retrenchment or economies in the department. The strength of the army has been reduced by more than 1,300,000 men after the close of the war. But what is the reduction in expenditure. It is very little compared to the number of men that have been retrenched. The difference

[Sri, R Venkatasubba Reddiar]

between last year's expenditure and this year's is about 50 crores. In the R I A F it was stated that they have come to a point beyond which they could not go. The same is the case with the R I N. There is no department in which retrenchment could be made. Does the Government mean to say seriously that it is not possible to lay their hands on any department and curtail its expenditure? The net effect of the increase in the number of officers and staff in the departments has been that very often if a paper is sent to a particular department, it is not easily traced. It goes from one table to another until it takes several years to be traced at all and most often the papers are lost completely. When you send a reminder you are asked whether you really sent a communication of that sort. Rather than fight with them we are inclined to send a fresh request or a fresh communication. We have actual experience in obtaining ration cards in our parts. If you apply for the issue of ration cards, it takes several months, if not years. One must consider himself very fortunate if he gets a ration card within six months. I ask you, Sir, and through you the Government to imagine how people could get on without ration cards for such a long number of months. This is the state of affairs, in spite of the fact that the establishments have been increased and some of them are overstaffed. Nobody is prepared to work. Efficiency is undermined because there are a number of people in the Department. Nobody wants to take the responsibility for quick disposal. Each man tries to shove the responsibility on the other. When you have more men you don't know the work for which each man is placed there. As I said the other day, I went to the Deputy Controller of Iron and Steel in Madras and asked him for pipes. He wanted me to produce a certificate from the Agricultural Department. There were so many engineers and I did not know to whom I was to apply. I asked that Superintendent or Assistant Secretary—I did not know what he really was—and he said 'It is not my business to teach you to whom to go and get a certificate'. Sir, I myself did not know and that is why I asked him. Supposing it was not myself and a man from the rural parts had come and asked to purchase a pipe I do not think he would have given the reply in the very same tone in which he gave it to me. Does the Government think that these people are there to oblige people who do not know, to put them in the way, to tell them how to get these things, or to behave like bureaucrats? It is very difficult to see any of them. The more the number of officers, the more the difficulty in getting at them to make your representation. If you get into one Department you are asked to go to the Directorate, when you go there you are asked to go to the procurer, and the procurer says 'you go to the Supplies Department, when you go there you are told to go to my assistant' and again to another assistant and so on—there are any number of assistants. In the end you find yourself in a wilderness and you come away without knowing what to do. Sir, a person who leaves his village cannot be expected to stay for long for a particular purpose in the Cities or headquarters of provinces or districts. This is my experience. In spite of the increase in the staff this is the nature of the work that is done. I suggest, Sir, that there is something wrong somewhere. Unless staff is maintained at the minimum requirements the efficiency of the staff is bound to suffer. Nobody will take the responsibility. It is already too late that a Committee of the nature which is contemplated in this Resolution should have been appointed. I request the Honourable the Finance Member to appoint a Committee forthwith, accept its recommendations and act upon it.

The latter part of the Resolution as I have already said suggests ways and means for providing the men who would be thrown out of these employments with employments in the post-war schemes of which we are having so many. Already the Advisory Planning Committee has made its Report. There are

so many Reports before the Government. They can very easily find out sources of employment for those people who are likely to be thrown out of employment. Sir, with these words I commend my Resolution for the acceptance of this House and the Government.

Mr. Deputy President: Resolution moved.

"This Assembly recommends to the Governor-General in Council to appoint immediately a Retrenchment Committee consisting of officials and non-officials for examining the increase in cost of administration in each of the Central Government's Departments and in particular of the personnel, and to suggest ways and means for reducing expenditure and for the absorption of such additional personnel as may be possible in essential Post-war Schemes arising out of Post-war planning as approved by the Assembly."

Mr. C. P. Lawson: (Bengal European) Mr Deputy President, Sir, I imagined when I saw this Resolution that the Finance Member would have no difficulty whatever in accepting it, more especially in view of the opening stages of Part 'B' of his Budget Speech. If I might just quote a few sentences of the Finance Member's speech on that occasion it will lead up to the few remarks that I have to make. He said in his speech:

"I therefore propose that a Committee, consisting of officials and non-officials, including Members of the Legislature should be appointed for this purpose. I should however, make it clear that my object in proposing an Economy Committee of this nature is not to conduct a retrenchment campaign in the sense in which this expression is ordinarily understood. Although inflationary conditions still persist a thorough going retrenchment drive would not be appropriate with the possibility of a post-war deflation hanging over us, which might necessitate an expansion of public expenditure for counteracting an incipient deflation. What I am really anxious to secure is that the resources of the Central Government are utilised to the fullest advantage of the community and are not frittered away on objects which are neither essential for the day to day administration nor conducive to the development of the country."

Now, Sir, I am going to suggest to the Honourable the Finance Member that there is no need for him to revise the point of view that he has put forward. We on this side yield to none in our stand for economy. From these Benches we have moved over the past years motion after motion stressing the need for economy in Government Departments. Indeed Sir, it has been one of our chief planks and one of our chief contentions that Government Departments are wasteful in normal times and in a war more wasteful than usual. Therefore it does seem to us that something of this sort is urgently necessary. It has been mentioned in the various speeches that we have made on the Budget that an enquiry of this type should be held. But in all the Retrenchment Committees that have been appointed over the past years I think it must be admitted that for a certain amount of justified retrenchment that they have carried out and a certain amount of very important saving of waste that they have brought into being, these Retrenchment Committees have also cut down things which should have been allowed to grow. It is for this reason that I commend to the House that portion of the Finance Member's speech that I have just quoted. It is extremely necessary, particularly now, that while the need for economy is borne in mind we should not make the error of grazing down our growing crops. It is particularly necessary now that things should be permitted to grow. So I imagine that the difficulty that the Finance Member may feel over this Resolution will not be so much that he does not feel inclined to accept the movement towards the economy as that he would like this House to give him some ideas as to how this Resolution is to be applied. It is with this in my mind that I am intervened in this debate and I think that is possibly the most useful line that the House could take to attempt to interpret the intention of the Resolution as we would understand it.

Now, Sir, in the examination that the Finance Member has adumbrated and which the Mover of this Resolution clearly requires there will be two divisions. It will be necessary for this committee to decide on what departments they will attempt to save money, and on what departments they will be prepared to spend money and roughly I would suggest to the House that the division should be division between non-productive and productive expenditure.

[Mr C P Lawson]

[At this stage Mr Deputy President vacated the Chair which was then occupied by Syed Ghulam Bhik Nanang one of the Panel of Chairmen.]

In other words my suggestion would be that this Committee should not attempt to be unduly parsimonious or to cut down expenditure which will produce money. The idea that I have is that if by spending a crore of rupees there is a good return and there is a general turning over of money, then spend that crore of rupees. Where I would like to see expenditure cut down is when that expenditure is barren and produces no real results. Now, let us examine for a moment the methods by which expenditure should be cut down. Let us think of the expenditure which is barren and non-productive expenditure. The first two items that come to my mind are of course connected with the aftermath of the most barren and the most unproductive expenditure that you can imagine and that is the expenditure upon war. There is no more unproductive, more stupid and more wrong expenditure but unfortunately that is an expenditure in which the world has become involved. That has left us with two items which are present in my mind the question of 'Disposals' and the question of 'Lands and Things'. Every bit of expenditure that the Government is having to lay out on those departments is largely non-productive expenditure. They are departments which are closing and not expanding and so every little bit of money that is saved on those departments will be money well saved. I lay stress particularly upon disposals because I am convinced that a large quantity of the old war stores which are now lying in this country are really not worth the rent of the land on which they lie. As the Finance Member will realise from his brief association with the Finance Department, it does not matter what the value of a thing is or what losses are made provided it is properly dealt with and properly accounted and duly stamped receipts come into his possession. I wish that the Finance Member by reason of his more general association with sensible things could devise a means whereby financial procedure in Government departments could be cut down a bit. In other words, that he should adopt a principle which we in business know only too well, the principle of cutting our losses. He could then remove the stuff that it does not pay to sell and thus a lot of money might be saved. There is a lot of this stuff lying waiting for Government disposal which clearly is not worth selling and we are employing an enormous staff, a large number of buildings and a large number of lands to accommodate this stuff. The same to some extent applies to 'Lands and Things'. Just because some claims have got to be settled, because there is a dispute over a thousand rupees staff costing several thousands of rupees per month will be kept on and all the paraphernalia of the Finance Department's systems has to be applied to this declining department which is only necessary to clean up the mess.

Now, Sir, I am going to touch briefly on one or two other subjects which this Committee might possibly examine and here I would ask the Finance Member, whether he has not sometimes wondered how it is that air travel in this country seems to be so predominantly in the hands of officials of every description. I wonder whether he has noticed, on every air travel that he has taken, as he gets out of the aeroplane, that the majority of the passengers in the aeroplane are officials whose passages have been booked and financed by Government, as compared with those who pay for their own passages. I have always thought it rather a strange situation that Government should still find it necessary to retain for their use 300 priority passages by air every month, while civilians have no method of priority, albeit industrial expansion and all the needs of peacetime must be in the hands of the business people and industrialists and not necessarily in the hands of officials. I am sure everybody in this House will have noticed that in every aeroplane in which they are travelling particularly overseas the majority of the people travelling are officials and it seems to me quite certain for most of these people travelling Government could spend £70 on a sea passage between U K and India and *vice versa* instead of the

£150 which they have to pay for the Am passage or rather they do not pay but we have to pay. Those are instances of waste and that of course is one of the things which the Finance Member's Committee will have to jump on with both feet. The waste that still goes on in this country is almost as bad as it ever was. I was surprised and rather shocked to hear the Secretary for Food in this House the other day acknowledge quite calmly that a very large stock of gram had been lying somewhere in the Punjab, presumably owing to a misunderstanding for a year or 18 months. I asked him then what he considered to be the maximum period for the safe storage of gram. He was rather indefinite in his reply but in the copies of the debates which were sent out I found the figure of 18 months mentioned. I only hope that the Food Secretary made the necessary alteration. I think Sir Pheroze Khategat will back me when I say that I do not think there are any conditions in which it would be safe to store grain for 18 months. That, Sir, is only an instance of what we know is going on. We know for instance, and Government themselves have made this accounting, that $3\frac{1}{2}$ million tons of foodgrains every year are lost in storage. A good deal of it could be saved and we still do not hear that Government have made any effective attempt to cut down this waste. I have asked on occasions whether the Government can indicate what steps they have taken and what savings these steps have resulted in. I have still to get a very conclusive reply to that question. I again mention the question of this waste of food that is going on in this country. I think I mentioned it first two years ago and it certainly is time that we began to hear what Government has done to stop this waste. As I have said before in this House there are modern methods, insecticidal methods for reducing the loss of our foodgrains. The loss can easily be reduced by 50 per cent. and if this country could suddenly find itself the better off by a million and a half tons of foodgrains it would, I think, make the Finance Member very much more happy about the enormous sums that he is now having to pay out for grains shipped to this country from overseas. And while I am on this point, perhaps I might mention the question of food subsidies.

Mr. Chairman. The Honourable Member had better keep to the subject-matter of the Resolution. He is really straying away from it.

Mr. C. P. Lawson. With the greatest respect to the Chairman may I say that the Resolution invites suggestions as to the methods which this Committee should recommend to introduce economies and these are the economies that I have suggested this Committee should recommend.

Mr. Chairman. The Resolution refers to the cost of administration and especially the reduction of personnel.

Mr. C. P. Lawson. In that case, I would not go into that question.

Mr. Chairman. Besides, the Honourable Member has got only two minutes more and he had better sum up his points.

Mr. C. P. Lawson. I thought there was no time-limit on this debate. However, I will conclude with a brief word on the last portion of this Resolution. It suggests that presumably the retrenched personnel should be used for post-war schemes arising out of post-war planning as approved by the Assembly.

Now, Sir, I am going to make the suggestion that it will be necessary now to consider the report of the Planning Advisory Committee as produced by Mr. Neogy and his Committee and to examine whether in view of that report Government will not have to divide their schemes into near schemes and schemes for a further future. I suggest that the "Resources Budget" included at the end of that Planning Report makes it perfectly clear that the rather grandiose although admittedly necessary post-war plans which have been suggested will need to be pushed forward. There is literally not the necessary

[Mr. C. P. Lawson].

raw material, not the necessary capital goods and not the necessary foreign exchange to make those far distant plans any more than far distant. So, in recruiting these people for the necessities of planning, I think it will be necessary for them to be recruited in the near position to deal with immediate and productive schemes in order to produce consumer goods. I do not mind very much what those goods are provided they are consumer goods. I take a very serious view of the position, as I see it, in the next year or so in the face of the increasing inflation which the Finance Member has mentioned and which presumably this Resolution also bears in mind. The expenditure which I recommend and which should on no account be cut down is expenditure which will result in the early production of consumer goods, because as things are turning out, with the restrictions which the Honourable the Commerce Member is going to place on imports, and with the lack of coal, cement and steel to produce stuff in this country, I think the country will be on the high road to inflation in the next year or so. I therefore, suggest most strongly that if there is any cutting down to be done, it should not be done in any sense or in any scheme which may limit the production of consumer goods.

My time is up and I am afraid I shall be unable to touch on some other rather important points that I wanted to raise. But if the last point at least is taken by my friend the Honourable the Finance Member, my intervention in this debate will be of some value. I support the Resolution.

Mr. Muhammad Nauman (Patna and Chota Nagpur *oam* Orissa, Muhammadan). Sir, I think we all have full sympathy with the spirit of the Resolution. The Honourable the Finance Member himself suggested in his Budget speech that he proposes to have an Economy Committee which would look into the entire structure of the administration. Although he said that it would not necessarily mean a Retrenchment Committee, but if we find that we have a staff which is not required, for that purpose it will advise retrenchment and that will have to be accepted. What is really required is an Economy Committee. I have always held that no organisation can employ a staff which does not justify the volume of work. It is true that the present staff is a legacy of the war. The departments are shrinking every day and the work is being reduced and eventually it would mean that the surplus staff will have to go out. The Honourable the Mover of the Resolution was mostly trying to impress upon the House that there is more staff at the top than at the end. That is to say, there are more Secretaries, Additional Secretaries, Deputy Secretaries, Directors-General, Deputy Directors-General and so on. I think all these officers have their paraphernalia and the Honourable the Mover of the Resolution did not mention that. By giving one data of facts, namely, the housing problem with which the Government is faced today, he has given sufficient impression of how the volume of Government employees has increased. The normal requirements of the Government were about 8,000 houses for officials and employees of all categories, they have now gone up to nearly 46,000 houses. At the same time, we cannot take a very drastic step nor would we like to take a step which would bring about the collapse of the employment system in the administrative machinery because that would reflect on the general economy of the country. As the Government claims to look to all sides of the people and has to look to the employment question also Government has to be very cautious. It was probably with that idea that the Finance Member did say in his speech that it will not necessarily be a Retrenchment committee. What is required is economy and for that economy if retrenchment would be necessary, it will have to be done. Before the committee is appointed, there is one concrete suggestion which can be immediately taken up and that is the sending away of all employees of superannuated age. Especially in railways there are a number of superannuated people. Probably the Railways have got the largest number of persons of superannuated age. I see my Honourable friend

Dr John Mathai is shaking his head. Probably the story of the Railway Board is different now. But if he examines the personnel on the different Railway lines, he will find that the causer is still there probably in the highest degree. It may also be in some other departments, but not to that extent. If that is tackled immediately, that will give some relief to expenditure. The superannuated people should be asked to quit and enjoy their pension. No doubt during war time, on account of exigencies of service, few men could be spared. That is how a large number of superannuated men still find themselves in the departments. This is a suggestion which can be carried out even before the Economy committee comes into existence. This committee has also to fix a certain percentage of employees in certain departments and with the publication of the report of the Pay Commission, it will perhaps be easier for each department to fix the percentage of staff for each branch. That can also be attended to only by an expert committee and it would look to all sides of things. Though I quite appreciate the spirit of the Resolution yet I do not like the latter part of it, suggest ways and means for absorption of such additional personnel as may be possible for essential post war schemes. Probably by additional persons the Honourable Member means surplus staff. I submit Sir, that the Economy committee cannot go into that by any chance. The economy or retrenchment committee has only got to look into what particular staff is required for each department of the Government of India. If they also take upon themselves the absorption of surplus staff probably it will be impossible for that committee to propound any scheme within less than five or even ten years. We all know that the Government's capacity to absorb men is limited and is shrinking every day. Unless we take up the scheme of nationalisation of all industries—which is still in the mind of people, it has not assumed shape yet—there will be no possibility of absorption of additional or surplus staff. So I suggest this Economy committee should not be given that responsibility as the Honourable Member proposes to give under this Resolution. As I said in the earlier part I sympathise with the spirit of the Resolution but I am not able to appreciate what is said in the Resolution. While I say I support the Resolution I really support the scheme which the Honourable the Finance Member had in his mind that he will establish a committee of Economy rather than this committee of retrenchment. That name also will be more appreciated in the country than if it is said that it is a retrenchment committee which will be resented by many sections of people in the country. In that way, although I appreciate the spirit of the Resolution I am not one with it Sir.

Sardar Sampuran Singh (West Punjab Sikh) Sir, I congratulate Mr Reddih for bringing this Resolution before this House. We needed it especially for the reason that our whole Government had been planned and styled in a way which was more suitable to the English way of spending money. I think when we change the Government we will have to apply Indian standard of economy of running the government. I think Englishmen pay more to Indians as well in order to justify their own high salaries. Therefore it is high time that we should start thinking of planning to reduce our expenditure in such a way so that it may be according to the standard of the poor and the financial conditions of our land. Moreover we have just finished the war. As we know we spent recklessly both during the war and at our elections. We had no time to stop and revise our estimates. We thought if we lose time, we might lose the war or election whatever the case be. Therefore our expenses went up. We never stopped to revise our estimates. I think we are confusing issues when we discuss departments which are actually going to disappear, for example the special departments which were constituted only for the purpose of the war. We have expanded in other departments also and we have added any number of new posts which we may not require hereafter. Therefore instead of now sitting quietly and waiting for the time when we eventually realise on some date why we have been keeping such a large staff when we had not enough

[Sardar Sampuran Singh]

work, it is time that we revise our estimates just now and decide whom we hereafter require and whom we don't

Another point for consideration is that prices had risen very high of all kinds of commodities. There was a hue and cry everywhere that salaries should be raised. During these six or seven years of war, we have been revising salaries and we have been doing it quite recently. But now the scales have turned. Depression may set in at any time. Prices have to come down and the money which had been circulating on account of the war is bound to shrink. It is therefore absolutely necessary that we must immediately take all these things in view and start a committee to consider all these problems. A distinction was sought to be made by my Honourable friend Mr. Muhammad Nauman between Economy committee as proposed by the Honourable the Finance Member and the Retrenchment committee as proposed by the Mover of the Resolution. I do not want to quarrel over the name of the committee. We want economy, we want retrenchment. In certain respects we require retrenchment, in other ways we want economy, call it anything you like, call it both retrenchment and economy committee, or call it only economy committee, give it any name but it is necessary that we should start thinking on the lines of economy and retrenchment.

Shri Mohan Lal Saksena (Lucknow Division Non-Muhammadan Rural). Mr. Chairman, I rise to support the Resolution moved by my Honourable friend, Mr. Reddiar. I think I am not revealing any secret when I say that the notice of this Resolution was sent before the Budget speech and if in the wording of the Resolution the word 'retrenchment' appears I think it should not scare away members. As has just now been pointed out by Sardar Sampuran Singh we have no quarrel with words. So long as the object aimed at is achieved we shall be satisfied. During the budget discussion almost from all sections of the House this point was raised that before imposing fresh taxation exploration should be made as to how much expenditure could be cut down. As a matter of fact a suggestion was made that in all departments a general cut of 7 to 10 per cent. should be made and the departments may be asked to submit proposals for making the reduction and if later on it is found that reductions could not be made to that extent then supplementary demands may be brought before the House. If this proposal is accepted by the Finance Member that will exercise a sort of wholesome pressure upon the various departments in effecting retrenchment. Sir, we know the conditions when the Budget proposals were framed were quite different from the conditions which existed last year. I suppose the Members in charge of the various Departments, including the Honourable the Finance Member had not sufficient opportunity to go through those proposals and we know the practice in the departments has been always to frame budgets with the knowledge that some reduction will be made and therefore there is always a margin of 10 per cent. in the Budget proposals. We know from our experience of previous years that in every department almost invariably there is a saving of at least 2 per cent. So personally I still think though he has not accepted this proposal and even before this committee is appointed that the Finance Member could issue instructions to the various departments asking for suggestions to make reductions in their departments.

As for retrenchment, I am not one of those who believe that there will be so much hue and cry in the country if persons are thrown out of employment, that is what even some of the Honourable Members had told us outside this House. I am one of those who believe that economy and efficiency are not inimical. As a matter of fact if there is even one clerk or one office surplus in a department, his presence has a bad effect upon others and it acts unfavourably upon the efficiency of the Department. Sir, if we look to the telephone

directory now and compare it with the telephone directory of 1940 or even earlier, what do we find? We find that the departments have bloated, there are Secretaries, Additional Secretaries, Deputy Secretaries, Joint Secretaries, Under Secretaries, Assistant Secretaries, and in some departments even Principal Secretaries. On the one hand we find that the telephones of private persons have been reduced, and on the other hand telephones are supplied in such large numbers in every department. My Honourable friend, Mr. Lawson, referred to the air passages. I would refer to telephones. I am sure if the number of telephones were reduced, it will not only mean saving to the Government, but it will also mean additional income by way of revenue from private parties who are in great need of telephones. My submission is that I am not one of those persons who believe that if there is no work we should make people dig holes and fill them. I say there is plenty of work elsewhere. What is required is co-ordination. There is so much of illiteracy, disease, ignorance and poverty all over the country, we require men for putting that right. It is always said that in the War Department we cannot effect any retrenchment because we do not know who are our enemies. So far as I know India has no enemy as far as outside world is concerned, we have our internal enemies—poverty, illiteracy, disease, and all that is there. So what we want is this: if all this machinery which was improvised for fighting the war against Fascism, a war in which India did not join voluntarily, could be utilized for fighting these internal enemies. I will be satisfied. I will be satisfied even if more money is spent and more taxation is raised, provided the war is waged against poverty, hunger and disease. So my suggestion is that the Honourable the Finance Member should proceed immediately in the matter, we cannot wait. Times are critical, then attention is devoted to other more important items, but still this thing should not be allowed to wait. On the one hand he should write to the various departments to suggest reductions in their departments, and on the other hand a committee should be appointed. My Honourable friend, Mr. Nauman, has said that he does not agree with the last part of the Resolution, but he has himself said that it is the function of the Government to find employment for those who become unemployed. So I do not think there should be any objection. Even the Honourable the Finance Member has said that he would like to have an economy committee and he would not like to have unnecessary staff, but he would all the same like to find employment for those who are retrenched. So if any section of the House, has any objection to the wording of the Resolution, we are not very particular about the form of the Resolution so long as we attain the object, namely not only should the Resolution be accepted but it should be given effect to as soon as possible.

We know, Sir, so far as the War Department is concerned, there are a number of departments which were created for supplying the requirements of the army. For instance, there is Army Clothing Directorate, Dairs Branch, Vegetable Societies and so on. Personally I would like that they need not be disbanded, but they must at once be diverted to supplying the requirements of the civil population. The Army clothing factories are there and we know that in the rural areas there is so much dearth and scarcity of clothing, and now that army requirements have also reduced it is necessary that they should be diverted to meeting the requirements of villagers. They do not get enough cloth, and whatever little they get is very costly. If the Government could produce in these factories standard clothing—*kurtas*, *pyjamas* and so on—it will go a long way to meeting the requirements of the rural population. Again there are large number of dairies and I understand that they were working at a loss. They might have been working at a loss but now steps should be taken to examine whether they can be made to work at a profit. If they can be, they should be retained and devoted to supplying the requirements of the civilian population. If, on the other hand, they cannot be worked at a profit, they should be closed as soon as possible.

[Shri Mohan Lal Saksena]

As regards stores, Mr. Lawson said that large quantities are lying idle. Not only a large number of buildings which can be utilised for residential and other purposes of the civil population are being occupied by these stores but a large number of staff is being maintained for looking after them. My submission is that so far as the War Department is concerned, it needs looking into and there are possibilities of considerable reduction.

An Honourable Member: Retrenchment

Shri Mohan Lal Saksena: Yes, retrenchment. Then there is the department of Industries and Supplies. This is one of those departments which has considerably swollen during the war and as was pointed out by my Honourable friend Mr. Manu Subedni every war post should be suspect. There must be absolute justification for retaining it before it is allowed to remain there. If it is in that spirit that the Committee or the Finance Member approaches the task, I am sure that this Economic Committee will be able to fulfil its purpose. But if we only depend on the departments nothing will be done. One of the Members said that officials have no vested interests. But so far as the newly created departments are concerned there are no old employees. There are many new employees who come from factories and business undertakings as experts. They have got their staff. My friend only referred to Joint Secretaries and Deputy Secretaries. He did not refer to stenographers, clerks and peons that go with them. I think the Industries and Supplies Department needs looking into.

Besides these new employees there are a number of persons who came from different departments and their salaries are three and four times what they were before the war. This also needs looking into. What justification is there for paying them such high salaries?

As regards the employment of superannuated persons, I know there are hundreds of cases. I know of one who is employed in the Agricultural Department. His services were dispensed with by the U. P. Government and he is employed here. I am told that he is going to get an extension and he happens to be a foreigner.

With these words I support the Resolution. I hope the Finance Member will accept it and will give effect to it as soon as possible. I hope we will see the results of it soon. I do not want it to take a long time. It should not be a long process. Let it finish its work in six months time or at least a year. The next year's budget should show the retrenchment or economies made as a result of the decisions or recommendations of this Committee.

Mr. N. M. Joshi (Nominated Non-Official) Sir, every year either during the discussion of the Budget or immediately after we have repetition of a discussion on the appointment of a Retrenchment Committee, on the subject of economy and subjects pertaining to both—surplus personnel and unnecessary expenditure. I am not one of those who hold that any Government has a right to waste public money. Money placed at the disposal of a Government must be spent wisely and well. But before we ask the Government to reduce its expenditure or to cut down its personnel, we must ask ourselves what is the course which we place before ourselves, what is the policy which we recommend to the Government to adopt? If it is our policy that the national activities which are carried on through Government should be contracted or restricted, then certainly we should insist upon the Government reducing the expenditure and if necessary also reducing the personnel. But if the policy which we want our Government to pursue is that of development—planned development, and more development, then Sir, it is not within our rights to ask that Government should reduce its expenditure or cut down its personnel. Therefore before we ask Government either to reduce its expenditure or to reduce its personnel, let us decide what

policy we should recommend to the Government to follow. I am one of those who will not, either now or ever, recommend to any Government to make a contraction of its activities. I will not ask them to restrict their activities but I shall ask them to go on planning and developing the country in all aspects of life. That is what the country needs and what the country is asking for. If therefore that is what the country desires, certainly it would be wrong of us to ask that Government should reduce expenditure or cut down personnel. We want this Government to develop the country and we want that development to be brought about very quickly. We will not be satisfied by the Government going at a snail's pace. So let us ask Government to make schemes and carry them out, let us ask them to give effect to the plans which we have made or which may have been made by Government or which we may suggest to Government to carry out.

(At this stage the Deputy President resumed the Chair.)

Unfortunately while some members of the legislature ask Government to reduce the expenditure or to cut down its personnel the Government themselves are sleeping. I have not seen any Government in any part of the world which is so inactive as the Government of India. You may have heard about planning. I have been hearing about it for a long time. I have seen some books, some pamphlets, indicating that the Government propose to do this or do that. The Government propose to construct thousands and thousands miles of roads. They propose to construct thousands of miles of railways lines. They propose to develop this and that industry. They propose to promote education. There is the Sargent Scheme, there is the Bhow Committee Report for the development of a public health service. I have seen some of these books, though frankly I have not read all of them. I have tried to get them when they are published. At least I glance through them though I do not read them, because many times a feeling of depression comes on me and I feel that if these books are to remain mere books and if these schemes are not to be carried into effect what is the use of wasting my time by reading the books. The Government of India is sleeping, it is supine and inactive. They must give effect promptly to the plans of development which the country needs and asks them to do. I would therefore like to ask the Government of India not to think of reducing their expenditure or their personnel but be active. They have thrown into some cupboard or vault all the planning reports which they have made at some expenditure. Take them out of the pigeonholes, out of those dungeons and cupboards and try to give effect to them quickly and promptly and vigorously. That is the policy which we want our Government to follow. This Resolution is not the right kind of Resolution which we should adopt. We should move a Resolution asking the Government to tell us what they have done about giving effect to the various plans which they have made, asking them whether there is enough personnel with them to carry out those plans, and asking them if they have not got the personnel how they propose to recruit this personnel and train that personnel. We should ask them whether they have got the money necessary for all these things, and if they have not got the money ask them what they propose to do to bring that money forward in order that all these plans may be carried out. I feel this is what we should ask the Government of India to do. This is the kind of Resolution which I would like the Legislature to bring forward and get it passed in order that this supine and inactive Government should receive some inspiration for action. Although I am in favour of the Government undertaking all these plans, spending more and not less money, having larger and not smaller personnel, I would certainly like them not to waste money as I said in the beginning of my speech. The Legislature should see that the money is properly spent, that there is work done for the money spent by the Government. This is a legitimate thing which any Legislature should ask. But that does not mean that you should secure economy by reducing the personnel. The cry of various Departments today is that they do not get the personnel they need, and at such a time we

[Mr N M Joshi]

want to send away people who have got four years or five years experience or at least three years experience in the Government of India within the next month ask some other Department to recruit more people. Sir, this is a waste. The Government of India have not got sufficient personnel when they begin to give effect to the plans which they have to carry out. Therefore, if they have not got the personnel and if they find that in one Department there are more men they should transfer them to some other Department, because it is bad economy to dismiss people who have served Government for three or four years, who at the cost of the Government, at the cost of the public have received some training and then to take new people who are untrained and inexperienced. It is waste of money. Everyone who spends some time in the Government receives some training and some experience. We ourselves receive training when we continue to do our work. Therefore, it is wrong for a Department to dismiss or retrench men, as people call it, and then allow other Departments to recruit new men. What is necessary is proper planning even in the matter of personnel. The Government of India should make a plan and find out how many people they want and then distribute that personnel. If they find in one Department there is more personnel then let them transfer that personnel to some other Department. Others use it will be a waste unless the Government of India themselves want to restrict their activity. The main thing to remember is whether the Government of India want to restrict or contract its activity or develop it. If your aim is development, then you certainly need more men and not less number of men. Sir, I have been asking—you might have heard the short speech I made during one of my cut motions—I have been asking the Labour Department to develop itself and make itself quite competent to deal with the important problems which that Department has to face. When I discussed this question with some people who are connected with the Department and I asked them to appoint a man who will make a plan for unemployment relief, a plan for giving full employment, they asked me "Where is the man?" They can advertise or get from some other Department. But this reply is given to me as regards almost all questions. When you want a particular Department to develop its activity it is short of men. We ask one Department to dismiss men and ask another Department to be short of men. That will not do. What is needed is that the Government of India should make a plan and carry out that plan as regards the personnel also. You have to recruit personnel when you are developing and you might have to train your personnel too. If you have not got a trained personnel, if you are giving your work to untrained men, there will be waste. Government should therefore have a big plan, a great plan which will be worth of this country which will develop this country in a short time and bring it to the level of advancement of the other countries in the world. We want to be equal with the other people of the world and therefore we want our Government to move promptly and vigorously to that end. We should ask them not to reduce their expenditure, not to reduce personnel but we should ask them how much money they want, how much personnel they want and ask them to take immediate steps to raise that revenue and to secure that personnel whatever may be the cost. Sir, I have done.

Sri M. Ananthasayanam Ayyangar (Madars Coded Districts and Chittoor Non Muhammadan Rural) Sir, it is not without some amazement that I have heard the speech of my honourable friend Mr. Joshi. I am afraid there is some confusion in his statement. It is not as if the mover of the Resolution wanted that planning and industrialisation of this country ought not to go on. As he said during the course of his speech what is intended by this Resolution is that waste should be avoided. Where do you get money from for planning? The object of the Resolution is, to put it shortly, do not rob Peter and pay Paul. Peter is the man, the 400 dumb millions of this country. Do undertake all business for improving their standard of life. For that there must be planning.

I do admit. But having all sorts of inefficient men either at the top or at the bottom will not serve the purpose. I will give one instance. There was a Planning Department in the Government of India which has since been abolished. The Planning Department started with not one man who was competent to advise anything on planning. No industrialist was put on it. The man at the top, the Secretary, was practically a superannuated man who was called back—an I.C.S. gentleman. Then there was the Joint Secretary, the Deputy Secretary—I forget the names. You had all kinds of permutations and combinations possible in the English language and found in the dictionary. Ultimately there was one gentleman who knew anything about that. That gentleman was dismissed or he went away soon after he was appointed. That was Mr. Vakil. He is known to be one of the best economists in this country. After he left he said 'I wanted a permanent Board, a planning Board not only to plan which is accepted by the Government, but also from time to time to give directions to carry out that plan'.

Mr. N. M. Joshi: Tell that to Government.

Sri M. Ananthasayanam Ayyangar: I am really surprised that Mr. Vakil comes from the same part of the country from which my Honourable friend Mr. Joshi hails. He wants me to tell this to Government. He could have done it much better. You join hands with me, let us find some crores of rupees, let us help the Finance Member to find some more crores of rupees by economising the expenditure and then utilise it for industrialisation of the country or planning, so that the poor man may have one more morsel of food or if he is wearing a langotta he may have a loin cloth. That is the object of this Resolution. My friend has entirely misunderstood it. I think Mr. Joshi, though apparently not supporting the Resolution, does in fact support it. We do not disagree.

Sir, the one difficulty I find is that the Honourable the Finance Member ought not to be so rich as he is. Though he has given up that prefix to his name my friend is still a Nawabzada. A poorer man must be in charge of this Department. A rich man always thinks in terms of luxurious living. What is the need for so many Secretaries and Under Secretaries in every department? They are overcrowded. I am only reminded of the story of the beggar who was begging for bread and he was told why not eat cake if you cannot get bread. That is what I read to be the psychology of the Honourable the Finance Member. He has no doubt come forward with a challenge in his Budget speech. He has appointed a committee to economise expenditure. Naturally anybody would do so soon after the war. It is war that has put out 60 per cent of the money into the field and also money has rolled on over and over again. The war is over but the persons who were appointed have still a tendency to stick on. They have got gums attached to them. Take the War Department. Instead of beating the air, I would suggest the following kinds of economy. Some departments may be abolished altogether (*An Honourable Member* Including Finance) No, Finance is the soul of the Centre and it cannot be abolished. I am now reading from the administrative directory of the Government of India on page 39. The department, I believe still continues. I believe the subjects dealt with must have been dealt with by some other departments during peace time. There are 60 odd officers. The subjects dealt with are acquisition, custody and relinquishment of land vested in the Crown for purposes of defence, marine service, navigation, ecclesiastical affairs, special police, Vizagapatnam Harbour, Estates of deceased officers, medal distributions, Indian army list and so on. These are among the list of subjects which this War Department is dealing with. Cannot all this be pushed into some other departments? That is, No. 1. No. 2 is the Food Department and the Agricultural Department. We have got over the food crisis. I do not say that the Food Department should be abolished immediately, within the next six months or a year. By the time this Committee concludes its sittings and makes a report the Food Department would become practically unnecessary in this country. Agriculture and other

[Sri M. Ananthasayanam Ayyangar] things are Provincial subjects. During the war and immediately after the war, as an aftermath, the Food Department has done excellent work but I would say that it may not be necessary to continue that department.

Then there is the Industries and Supplies Department. I would like to give a small story about the Industries and Supplies. When I was getting into the team some time ago, some friend who just took the M.A. degree came along and said that he wanted a job in the Central Government. Our Honourable friends were not in the Treasury Benches. There were all white faces over there. I said 'I am in the opposition. How can I get you a job?' He said 'I do not want a salary.' I was wondering in which Department of the Government he proposed to work without salary. He said 'Supplies Department.' During the war period, the Supply Department has grown. It is time that the Supplies Department is put an end to. I do not say that we do not want the Industries Department. All I have got to say about that is that the department is not working as satisfactorily as it ought to. The Supply Department may be cut off. Some Departments may be abolished. Some may be amalgamated. Some departments will shrink. Others may expand later on. If you throw a ball on the ground, it rebounds with greater effort. I want my friend and future Finance Members to satisfy the Assembly that they have done all they could to economise, before coming forward with fresh proposals for taxation.

The Honourable Mr. Liaquat Ali Khan (Finance Member): May I ask my Honourable friend one question. I just want to know what is the difference between my proposal which I made in the Budget speech and this Resolution. I am just asking this question so that I may be in a position to know what is it that the Members of the House have got at the back of their minds, which is not contained in my Budget speech.

Sri M. Ananthasayanam Ayyangar: I may immediately tell my friend that there are some more words in the Resolution than in his Budget speech. This Resolution was drafted before we came to know the contents of the Budget speech. Now, we are explaining how this thing can be done.

The Honourable Mr. Liaquat Ali Khan: I welcome that statement. I was only wanting to know whether there was anything more that you wanted.

Sri M. Ananthasayanam Ayyangar: Other matters we do want to discuss. We have obtained a day for discussing them, even without your allotting it. That is all that is intended by this motion.

The Honourable Mr. Liaquat Ali Khan: Then it is all right.

Sri M. Ananthasayanam Ayyangar: The officials have got into the habit of thinking that unless their post continues, the whole department will collapse. We want you to take courage. We shall stand by you in spite of all the officers going out. We know how the officials delude themselves. They think that unless there is an I.C.S. officer in a particular post, the Sun will not rise in the East or will not set in the West. That is the unfortunate way in which we have been going on.

I want to remind our Members of the Government that hitherto the Government had to purchase loyalty by giving to their officers 3,500, 4,000 and 5,000. Hereafter I want you and the present Government to appeal to the higher sense of patriotism, the sense of service and sacrifice as many others have done in this country. They must be prepared likewise to reduce their salary from 4,000 to 2,000 immediately. Now, immediately the cry will come that if you reduce the salary there will be corruption and he will take more bribes. If a man is prone to take bribes, he will take it even though the salary is Rs. 20,000. The only thing that will happen is the larger the salary the larger the bribe. The man with a smaller salary may be prepared to take a seer of brinjals. The man with a higher salary wants a motor car or diamond necklace or something of high value. The tendency to take bribes is always there, whatever the salary. I want a

revolution in the minds of people. When you give salaries of 4,000 or 5,000, it disturbs the social economy of the country. It makes it very difficult for me to get bridegrooms. It makes expenditure on marriages and other things very hard. You are unnecessarily putting so much unwanted money into their pockets. That is by the way.

I was saying that you must abolish certain departments, amalgamate certain others. You must get rid of certain offices. So far as officers are concerned, push them down from the top a little below. I do not want that any of the clerks should go out. Those people at the top, if they are ready for retirement, let them go. I do admit that in a planned economy we do want personnel. Sufficient personnel is now wanting. The previous Government unfortunately has not trained proper personnel in this country. They have only so far produced graduates and MAs for the purpose of clerical jobs. If something goes wrong, they cannot drive a nail or handle a screw. That is how we have been brought up. We have been trained to talk in courts. Nothing more. I do want an overhauling in every department. I must see this economy being carried out.

Mr. Deputy President: The Honourable Member has got two minutes more.

Sri M. Ananthasayanam Ayyangar: Anyhow, this Resolution is not finishing today and my Honourable friend the Finance Member is not going away.

The Honourable Mr. Liaquat Ali Khan: By that time the Economy Committee will be functioning.

Sri M. Ananthasayanam Ayyangar: In that case, I will not press the Resolution.

The Assembly then adjourned Till Eleven of the Clock on Monday, the 7th April, 1947.

LEGISLATIVE ASSEMBLY DEBATES

MONDAY, 7th APRIL, 1947
Vol. IV—No. 9

OFFICIAL REPORT



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LEGISLATIVE ASSEMBLY

Monday, 7th April 1947

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr President (The Honourable Mr G V Mavalankar) in the Chair

MEMBER SWORN

Mr. K. G. Ambegaokar, M L A (Government of India Nominated Official)

STARRED QUESTIONS AND ANSWERS

(a) ORAL ANSWERS

TRAINING OF INDIAN GEOLOGISTS

1412. *Sjt. N. V. Gadgil (on behalf of **Seth Govind Das**): Will the Secretary of the Works, Mines and Power Department be pleased to state

(a) if Government are aware that there is a shortage of competent and experienced Indian Geologists and lack of university departments to train young Geologists;

(b) if Government are aware that the knowledge of Indian mineral resources is still incomplete and is a hindrance to post-war development, and

(c) the steps that Government are taking to encourage training in Geology?

Mr. B. K. Gokhale: (a) Yes

(b) Yes

(c) Government appointed a committee to report on the improvement of geological education in Indian Universities and its report is now being carefully examined

Government also propose to reorganise and expand the Indian School of Mines, Dhanbad, aiming at increasing the output of qualified mining engineers and geologists to 2½ times the present output. The Reorganisation Committee is expected to submit its report shortly

I would also like to add that a few scholars are being sent abroad for training in Geology

Shri Sri Prakasa: With reference to the Honourable Member's reply to part (b) of the question, could he tell us if there is any department of human endeavour in which knowledge is complete?

Mr. President: It is a hypothetical question, it need not be answered

Sri M. Ananthasayanam Ayyangar: May I ask the Honourable Member what difference there is in the course given in Dhanbad as opposed to the instruction given in any university?

Mr. B. K. Gokhale: Universities give a degree whereas Dhanbad gives a Diploma

Sri M. Ananthasayanam Ayyangar: Are any arrangements made or contemplated by the Government of India so as to give the additional training that is given in Dhanbad to those persons who take degrees in the Universities by allowing them access to suitable mines closeby?

Mr. B. K. Gokhale: I believe these points are under consideration of the Reorganisation Committee of the School of Mines

EMPLOYMENT OF A TOWN PLANNER FROM ENGLAND FOR DEVELOPMENT OF NEW DELHI

1413. *Sjt. N. V. Gadgil (on behalf of **Seth Govind Das**): Will the Secretary of the Works, Mines and Power Department be pleased to state—

(a) whether Government are aware that a town planner from England has been employed for sometime in connection with the future development of New Delhi, if so, what his name is and what are his emoluments, and

(b) whether this post was advertised in India? If not, why not?

Mr. B. K. Gokhale: (a) Mr E. W. Harkness was appointed as Town Planner in the Central Public Works Department on contract for a period of three years from 1st December 1945 on a salary of Rs 2,000 p m. Mr Harkness died on the 19th November 1946 and the question of appointment of a successor is now under consideration.

(b) The post was at first advertised in this country but as no suitable candidate was available, the post was advertised in the United Kingdom on the advice of Federal Public Service Commission and Mr Harkness was appointed.

Lala Deshbandhu Gupta: How do Government propose to fill up this post?

Mr. B. K. Gokhale: The matter is under consideration but the proposal is to fill it up in India by promotion of one of our own men.

Sri M. Ananthasayanam Ayyangar: May I know how many applications there were for this post from Indians in 1945?

Mr. B. K. Gokhale: There was no suitable applicant.

Sri M. Ananthasayanam Ayyangar: I want to know the number of applicants who applied for the post.

Mr. B. K. Gokhale: I want notice of that question.

Sri M. Ananthasayanam Ayyangar: What steps have been taken to create such suitable number of qualified men here in India? Are we to go on indenting from foreign countries?

Mr. B. K. Gokhale: The whole question of architectural education is under consideration, but it is not easy to find a solution. There is only one school of architecture at present in India, and that is in Bombay. The output is limited. The question was recently considered informally at a meeting of architects, but no solution has yet been found.

Sri M. Ananthasayanam Ayyangar: Was not even the Principal of this School found competent for this post, was he found wanting in knowledge?

Mr. B. K. Gokhale: I said that only the applicants were considered unsuitable. I do not know whether the Principal of this School applied for the post, or not.

PURCHASE OF SHIPPING BY THE GOVERNMENT OF INDIA FOR INDIAN MERCANTILE MARINE

1414. *Sjt. N. V. Gadgil (on behalf of **Seth Govind Das**) Will the Honourable the Commerce Member be pleased to state—

(a) the total tonnage of shipping that the Government of India propose to purchase from the United States of America and other foreign countries in order to make additions to the Indian Mercantile Marine in 1947,

(b) whether Government are aware that a number of ships have already been purchased from the United States of America, and if so, their tonnage and cost,

(c) the steps that are being taken by Government, to encourage the Ship Building Industry in this country, and

(d) whether any indigenous concern has begun the manufacture of ships for the use of our navy and whether Government propose to place any orders with such concern?

The Honourable Mr. I. I. Ohundrigar: (a) Government do not propose to purchase any ships on their account from the United States of America and other countries unless Indian Companies experience any difficulty in making purchases through private negotiations

(b) Yes. As far as Government are aware, two Companies have so far purchased eleven ships of about 8 to 10,000 tons each at an approximate total cost of ten million dollars.

(c) Government have set up a Panel to investigate the development of the Ship-building industry and its report is awaited

(d) Since the out-break of the second world War several new ships have been built in India for the Royal Indian Navy. In the event of more ships of the same type and class being required, orders may be placed with firms having facilities for building ships.

Sri M. Ananthasayanam Ayyangar: May I know why a panel is necessary when already during the war so many ships were built for the R.I.N.? Is there any new investigation called for?

The Honourable Mr. I. I. Ohundrigar: Those ships were very small and it was necessary to consider whether better arrangements could be made for building bigger ships.

Sri M. Ananthasayanam Ayyangar: Was not a shipbuilding yard established in Vizagapatnam, or has it since been discontinued? If so, why?

The Honourable Mr. I. I. Ohundrigar: The shipbuilding yard at Vizagapatnam has been started by one private company and it is not being discontinued.

Sri M. Ananthasayanam Ayyangar: Is it producing any ships and during the past one year how many ships have been built?

The Honourable Mr. I. I. Ohundrigar: So far as Government are aware, they are building two ships and they are still under construction.

REMOVAL FROM VOTING LIST THE NAMES OF INDIAN LABOURERS BY GAMPOLA DISTRICT REGISTERING OFFICER, CEYLON

†1415. ***Maharajkumar Dr. Sir Vijaya Ananda:** (a) Will the Honourable Member for External Affairs be pleased to state whether the attention of Government has been drawn to a report in the *Hindu*, dated 16th February 1947 that the Gampola District Registering Officer in Ceylon has removed from the voting list the names of the Indian labourers already registered, thereby insisting on property qualification even in cases where the claimants and their parents were born in Ceylon?

(b) If so, do Government propose to take steps to secure their enrolment on the voting lists?

The Honourable Pandit Jawaharlal Nehru: (a) Yes, Sir. In the Gampola District objections have been raised on behalf of prospective candidates under section 12 of the Ceylon (Parliamentary Elections) Order in Council, 1946, to the inclusion of the names of about 5,047 persons in the preliminary list and the

† Answer to this question laid on the table, the questioner being absent

bulk of these refer to Indian labourers. It is not, however, known whether all these objections have been upheld and whether the names have in fact been removed from the lists.

(b) The Representative of the Government of India has already impressed on the Government of Ceylon the difficulties which the labourers experience in meeting such objections, but as the law stands at present the only course open to the voters is to appeal to the Revising Officer against the decision of the Registering Officer. It has since been understood that only one such appeal was lodged in the Gampola electoral district before the period for appeal closed and the decision of the Revising Officer on that appeal is awaited.

APPOINTMENT BY BURMA GOVERNMENT OF A DIPLOMATIC REPRESENTATIVE AND A TRADE COMMISSIONER IN INDIA

1416. *Pandit Sri Krishna Dutt Paliwal: Will the Honourable Member for Commonwealth Relations be pleased to state

(a) whether Burma Government have appointed (i) a Diplomatic Representative and (ii) a Trade Commissioner in India, and

(b) whether Government propose to appoint a Diplomatic Representative in Burma?

The Honourable Pandit Jawaharlal Nehru: (a) No, Sir

(b) There is already a Representative of the Government of India in Burma who is duly accredited to the Government of the country.

REPORT ON THE ENQUIRY INTO CHARGES AGAINST NAWAB MAHBOOB ALI POLITICAL AGENT, MALAKAND

1417. *Pandit Sri Krishna Dutt Paliwal: Will the Honourable Member for External Affairs be pleased to state

(a) whether Mr. Justice Clark of the Madras High Court has submitted his report on the enquiry into the charges against Nawab Mahboob Ali, Former Political Agent of Malakand in connection with the incidents of 21st October 1946, and

(b) if so, the action taken by Government on the report?

The Honourable Pandit Jawaharlal Nehru: (a) Yes. The officer has been exonerated in the report.

(b) The necessary steps are being taken by Government as a result of the report.

Pandit Sri Krishna Dutt Paliwal: Will the Government lay a copy of the report on the table?

The Honourable Pandit Jawaharlal Nehru: I should imagine that it is not customary to place such reports of departmental enquiry on the table of the House. I cannot give any assurance on that point, but my first reaction to the question is that it is probably not desirable but if the House is insistent, I can reconsider that matter.

Mr. Manu Subedar: May I enquire whether it would be desirable to establish such precedents of publishing departmental enquiries and placing the same on the table of the House?

Mr. President: At present that question does not arise.

Shri Sri Prakasa: Will the Honourable Member give us an idea of the recommendations of the report?

The Honourable Pandit Jawaharlal Nehru: There is no question of any recommendations. The point was that certain very undesirable incidents took place and how far the officer concerned was responsible for the incidents which took place. Justice Clark held that the officer in question was not responsible for the incidents.

DEMAND OF THE AZAD HIND SANGH IN GERMANY FOR AN ENQUIRY INTO THE CONDUCT OF INDIAN SECURITY UNIT

†1418. ***Maharajkumar Dr. Sir Vijaya Ananda:** (a) Will the Honourable Member for External Affairs be pleased to state whether the attention of Government has been drawn to the demand by the members of the Azad Hind Sangh in Germany, published in the *Hindustan Times* of 31st January, 1947, who recently returned to India, that an inquiry be made into the conduct of the Indian Security Unit also known as the Indian Military Mission who ordered that Indians in Germany be arrested and treated as 'Security Suspects' and that India should appoint her representative to the Allied Administration in Germany?

(b) If so, what steps do Government propose to take in this direction?

The Honourable Pandit Jawaharlal Nehru: (a) and (b) Yes.

The Indian Security Unit were acting under the orders of Supreme Headquarters Allied Expeditionary Forces in arresting certain Indians in Germany who were suspected of collaboration with the Nazis and were therefore treated as security suspects. Government see no necessity to order any further inquiry into the conduct of the Indian Security Unit.

The Indian Security Unit is not and never has been known as the Indian Military Mission, which is a separate organisation created early in 1946, to represent the Government of India and operate under its instructions. The Indian Security Unit was disbanded on the 31st March 1946.

The Allied Administrations of Germany is under the control of four powers, namely United Kingdom, U.S.S.R., U.S.A. and France. The Indian Military Mission in Germany maintains liaison with the Central Council.

WITHDRAWAL OF INDIAN TROOPS FROM BURMA

†1419. ***Maharajkumar Dr. Sir Vijaya Ananda:** (a) Will the Honourable Member for Commonwealth Relations be pleased to state whether it is a fact that Indian troops were used to suppress the rebellion in Yamethin district in the Central plains of Burma in the middle of January 1947?

(b) If so, do Government propose to withdraw Indian troops from Burma, in view of the ill-feelings likely to arise between Indians and Burmese as a result of the use of Indian troops there?

The Honourable Pandit Jawaharlal Nehru: (a) There has been no rebellion in Burma. Serious disorders have however, taken place especially in Yamethin District. All types of troops including British Indian, Gurkha and Burmese troops have been used from time to time, during recent months in anti-dacoity operations in various parts of Burma including Yamethin District.

(b) Government have no information that the presence of Indian troops is causing any ill-feeling between the Burmese and Indians or that such troops are being misused. It is the policy of Government to withdraw Indian troops from all places abroad, including Burma, and this is progressively being given effect to in consultation with the parties concerned.

† Answer to this question laid on the table, the questioner being absent

SELECTION OF PERSONNEL OF THE TRADE DELEGATIONS SENT ABROAD

1420. *Sjt. N. V. Gadgil (on behalf of Mr. Vaddal Lalubhai): Will the Honourable Member for Commerce please state the number of Trade Delegations sent abroad by his department to participate in various international conferences, the personnel thereof, and the basis of their selection?

The Honourable Mr. I. I. Chundrigar: Three delegations have been sent to participate in International Conferences on trade. A statement giving particulars of the personnel of these delegations is laid on the table of the House.

The non-official members of these delegations to whom presumably the Honourable Member is referring have been selected from trade communities and from businessmen representatives of trade and industry in the country in consultation with the interest concerns.

Statement showing the personnel of delegations sent by Commerce Department to International Conferences

1 Delegation to the preparatory Commission of the International Conference on Trade and Employment held in October 1946 in London

Official Representatives

- | | | |
|--|---|-----------|
| 1 Mr R K Nehru, ICS, | | |
| Joint Secretary, Commerce Department | . | Leader |
| 2 Mr B N Adarkar, | | |
| Deputy Economic Adviser to the Government of India, Com- | | Member |
| merce Department | | |
| 3 Mr M A Mulky, | | |
| Under Secretary, Commerce Department | . | Secretary |

Non official Representatives

- | | | |
|---|---|---------|
| 4 Dr P S Lokanathan, | | |
| Editor, 'Indian Economist' | . | Member. |
| 5 Mr B N Ganguly, | | |
| Professor of Economics, Hindu College, Delhi | . | Member |
| 6 Dr A I Qureshi, | | |
| Economic Adviser to the Government of H E H the Nizam | | Member |
| of Hyderabad | | |
| 7 Mr D G Mulherkar, | | |
| Secretary, Federation of Indian Chamber of Commerce and In- | | Member |
| dustry | | |
| 8 Mr H S Malik, C I E O B E, I C S., | | |
| Prime Minister, Patiala State | . | Member |

2 Delegation for the Drafting Committee of the International Conference on Trade and Employment held in January 1947 in New York

Official Representative—

- | | |
|--|--|
| 1 Mr B N Adarkar, | |
| De Economic Adviser to the Government of India, Com- | |
| merce Department | |

Non official Representative

- | | |
|--|--|
| 2 Dr A I Qureshi, | |
| Economic Adviser to the Government of H. E. H. The Nizam | |
| of Hyderabad | |

3 Delegation to the Second Session of the preparatory Committee on Trade and Employment to be held on the 10th April 1947 at Geneva

Sole Delegate and Leader of the Delegation

The Honourable Mr. Ismail I Chundrigar,
Commerce Member, Government of India

Substitute Delegate :

Sir Raghavan Pillai, K.C.I.E., C.B.E., I.C.S.
Secretary to the Government of India, Commerce Department

Official Representative : —

Mr M Ikramullah, C.I.E., I.C.S., Jt. Secretary to the Government of India, Commerce Department	Member-Delegate
Mr M P Pai, I.C.S., Jt. Secretary to the Government of India, Industries & Supplies Department	"
Mr S Ranganathan, I.C.S., Secretary, Central Board of Revenue & ex-officio Jt. Secretary to the Government of India, Finance Department	"
Mr M R Ajuja, O.B.E., Indian Government Trade Commissioner, Canada	"
Mr B N Adarkar, M.B.E., Dy. Economic Adviser to the Government of India	"
Mr S. M. Yusuf, I.C.S., Dy. Secretary to the Government of India, Food Department	"
Mr. B. N. Banerji, M.B.E., Dy. Secretary to the Government of India, Commerce Department	"
Mr. M. A. Mulk Under Secretary to the Government of India, Commerce Department	Member Secretary

Non-official Representatives

Mr H. A. Sattar Sethi, M.L.A. (Central)	Member-Delegate
Mr D. P. Karmarkar, M.L.A. (Central)	"
Mr H. S. Malik, C.I.E., O.B.E., Prime Minister, Patiala State	"
Mr Habib Ibrahim Rahimtoola, Federation of Muslim Chambers of Commerce & Industry	"
Mr G. L. Mehta, Federation of Indian Chambers of Commerce & Industry	"
Dr P. S. Lokanathan Editor, <i>Eastern Economist</i> , New Delhi	"
Dr A. I. Qureshi, Economic Adviser to H.E.H. the Nizam's Government, Hyderabad	"
Mr D. G. Mulherkar, Federation of Indian Chambers of Commerce & Industry	"
Dr B. N. Ganguli Economic Department Delhi University, Delhi	"
Mr Naseer Ahmed Shaikh, Mills and Factories Owner, Lahore	"
Sardar K. D. Mahadik Commerce Minister Gwalior	"

NUMBER OF APPOINTMENTS MADE IN THE COMMERCE DEPARTMENT

1421. *Sjt. N. V. Gadgil (on behalf of Mr. Vadilal Lallubhai): Will the Honourable the Commerce Member please state

(a) the number of new appointments made in his department during the periods (i) from 2nd September 1946 to 26th October 1946, and (ii) from 26th October 1946 till 14th March 1947; and

(b) the date of each appointment, the designation and the pay scales thereof, the number of appointments made from each community to these posts separately for the periods mentioned in (i) and (ii) of part (a) above?

The Honourable Mr. I. I. Chundrigar: (a) Ten appointments were made between 2nd September 1946 to 26th October 1946 and 48 appointments between 26th October 1946 to 31st March 1947

(b) A statement is placed on the table of the House.

Statement showing the date of appointment, the designation, the scales of pay etc., of new appointments in the Department

Designation	Scale of Pay	Date of appointment	Community
<i>A Period 2nd September 1946—26th October 1946</i>			
Joint Secretary	Rs 3,000 p.m. (fixed)	7-10-46	Christian (European)
(i) Assistant or Grade A Clerks			
‘A’ Grade Clerk	100—10—200	19-9-46	Hindu
Assistant	140—10—310—15—400	14-9-46	Indian Christian
(ii) Grade B Clerks.			
‘B’ Grade Clerk	60—5—100—10—120	14-9-46 (A N)	Hindu
Do	Do	23-9-46	Indian Christian
Do	Do	30-9-46	Sikh
Do	Do	1-10-46	Muslim
Do	Do	14-10-46 (A N)	Hindu
Do	Do	19-10-46	„
(iii) Stenographer			
Stenographer	125—5—300	5-9-46 (A N)	„
<i>Period 26th October 1946—Date</i>			
Joint Secretary	3,000 p.m. (fixed)	31-12-46 (A N)	Muslim.
Private Secretary to H. M.	Senior time scale of pay of the I.C.S., plus Rs. 400 p.m.	30-11-46 (A N)	„
Deputy Secretary	Do	24-3-47	„
Officer on Special Duty (Exhibition)	1,600 (fixed)	3-12-46	„
Do.	1,000 (fixed)	9-1-47	Hindu.
Do	Do	1-3-47	Muslim
Officer on Special Duty	850 plus 250 s.p.	10-3-47	„
Do.	1,000 (fixed)	12-2-47	Hindu.

STARRED QUESTIONS AND ANSWERS

2085.

Designation	Scale of Pay	Date of appointment	Community
	Rs		
Statistical Research Officer	625	15-2-47	Hindu
(i) <i>Assistants or Grade A Clerks</i>			
'A' Grade clerk	100—10—200	11-11-46	"
Assistant	140—10—310—15—400	16-12-46	"
'A' Grade Clerk	100—10—200	23-12-46 (A N)	Muslim
Do	Do	4-1-47	"
Do	Do	20-1-47	Hindu
Do	Do	17-2-46	"
Assistant	140—10—310—15—400	28-1-47	"
'A' Grade Clerk	100—10—200	3-2-47	"
Do	Do	6-2-47	Muslim
Do	Do	10-2-47	"
Do	Do	20-2-47	"
Assistant	140—10—310—15—400	22-2-47	"
'A' Grade Clerk	100—10—200	15-3-47	Hindu
(ii) <i>B Grade Clerks</i>			
'B' Grade Clerk	60—5—100—10—120	14-11-46	Muslim
Do	Do	18-11-46	"
Do	Do	22-11-46	"
Do	Do	1-12-46	Hindu
Do	Do	20-1-47 (A N)	"
Do	Do	23-1-47	Sikh
Do	Do	1-2-47	"
Do	Do	Do	Hindu
Do	Do	Do	Muslim
Do	Do	Do	Hindu
Do	Do	7-2-47	Muslim
Do	Do	10-2-47	Hindu
Do	Do	17-2-47	"
Do	Do	19-2-47	"

Designation	Scale of Pay	Date of appointment	Community
	Rs.		
'B' Grade Clerk	69-5-100-10-120	20-2-47	Muslim
Do	Do.	1-3-47	"
Do	Do	20-2-47	Hindu
Do	Do	22-3-47	Muslim.
(iii) Stenographer			
Stenographer	425-5-300	30-11-46 (A. N)	Muslim
Do	Do.	10-1-47	Indian Christian
P A to H M	Pay yet to be fixed	..	Muslim.

Sri M. Ananthasayanam Ayyangar: May I know what classes of officers the Honourable Member himself appoints and what classes he leaves for the Federal Public Service Commission?

The Honourable Mr. I. I. Chundrigar: The question of the Federal Public Service Commission comes in when a person who is not in Government service is to be recruited. But transfers between the various departments and appointments of persons who are already in Government service are not referred to the Federal Public Service Commission.

Sri M. Ananthasayanam Ayyangar: Is there any committee of the Cabinet which is looking into the cases of individuals who are promoted? In such cases does the Honourable Member himself take the decision, or are they dealt with by a separate committee?

The Honourable Mr. I. I. Chundrigar: Different rules apply to different appointments, but usually it is the Member in charge who does it.

Sri M. Ananthasayanam Ayyangar: Is it a fact that most junior officers have been promoted in the Department of the Honourable Member to the posts of Secretaryship, and the senior officers have been superseded?

The Honourable Mr. I. I. Chundrigar: No person has been appointed to the post of a Secretary in my department except that the Additional Secretary is acting for the Secretary during his absence on duty outside India.

Sri M. Ananthasayanam Ayyangar: Is strict seniority being observed or is it a matter of selection?

The Honourable Mr. I. I. Chundrigar: It is a matter of selection.

Lala Deshbandhu Gupta: May I know if the Honourable Member has selected some incumbents for the Pool Service for the Commerce Department?

The Honourable Mr. I. I. Chundrigar: People are selected whenever it is found necessary to do so.

Lala Deshbandhu Gupta: Is it a fact that the Honourable Member has sent a recommendation to the Honourable the Finance Member containing 17 names of officers who are to be selected, and all of them belong to one particular community?

The Honourable Mr. I. I. Chundrigar: As the particular community was under-represented in the Pool Services the letter written to the Finance Department suggested that these people may be interviewed and considered to find out whether any of them could be recruited in the Pool. None of them was asked to be recruited without an examination.

Lala Deshbandhu Gupta: Is it a fact that the officers for these services are as a rule essentially selected on merits from different provinces?

The Honourable Mr. I. I. Chundrigar: It is not a question of merits but one of suitability in the Pool Service and that is all that the Finance Department was requested to consider.

REDUCTION OF BRITISH EMPIRE PREFERENCE TARIFF RATES

†1422. ***Prof. N. G. Ranga:** Will the Honourable the Commerce Member be pleased to state

(a) whether it is a fact that the Government of the United States of America are favouring the reduction of British Empire preference tariff rates,

(b) whether it is a fact that Sir N. R. Pillai said in London that the Commonwealth Trade Conference was examining these proposals and that he considered them to be reasonable

(c) whether the Government of India propose to consult the Agricultural, Industrial and Trade interests of India before our delegation leaves India for the Geneva Conference, and

(d) whether Government propose to include the representatives of Agricultural interests, as represented by the Federation of Rural People's Organisations in the preliminary talks suggested and in the delegation?

The Honourable Mr. I. I. Chundrigar: (a) Yes

(b) It is a fact that the Commonwealth Conference in London is examining proposals for the reduction of British Empire preference tariff rates. Government have however no information as to the statement said to have been made by Sir Raghavan Pillai.

(c) The various interests concerned with matters likely to arise at the Conference have been consulted.

(d) It is regretted that owing to shortness of time it has not been possible to include a representative exclusively of agricultural interests. The Honourable Member can be assured that several members of the delegation are qualified to, and will safeguard, the interests of agriculturists.

ATTEMPTS BY EUROPEAN AND THE GOVERNMENT OF RHODESIA TO TURN NEGROES AND OTHER COLONIAL PEOPLE AGAINST INDIANS

†1423. ***Prof. N. G. Ranga:** Will the Honourable Member for External Affairs and Commonwealth Relations be pleased to state

(a) whether Government are aware that Europeans and the Government of Rhodesia have been attempting to turn the Negroes and other Colonial peoples of that State against Indians who are generally business-men and shopkeepers,

(b) whether Government are aware that there is actually a 'Boycott the Indian Shops' movement in existence and that Negro customers are being prevented from patronising Indian shops,

(c) whether Government have advised or propose to advise the South African Indian Congress to enquire into this matter and bring about a settlement between Indians and Negroes in Rhodesia,

(d) whether Government have tried to ascertain facts from the South African Indian delegates to the Inter-Asian Conference, and

(e) what steps Government propose to take to stop this new development?

† Answer to this question laid on the table, the questioner being absent

The Honourable Pandit Jawaharlal Nehru: (a) and (b) The Government of India learn from the Government of Southern Rhodesia that there is no foundation for these allegations in respect of Southern Rhodesia. As regards Northern Rhodesia the position is as follows —

There has been for some weeks a boycott in two towns of all shops dealing with African trade. The boycott is by Africans and is said by them to be on account of high prices. There has been indication also that it is directed particularly against Indian traders on the alleged ground that Indians have treated them unfairly in their trade concerns. There was some attempt by Africans at one time to picket shops in order to prevent other Africans from buying but this was stopped immediately by Government as soon as it occurred. The Government of Northern Rhodesia have informed the Government of India that there is no truth whatever in the suggestion that that Government has influenced Africans in the course that they have pursued, nor is there any evidence that any non-Africans have been in any way concerned in the boycott.

(c) and (d) No, Sir. The South African Indian Congress is not concerned with Indians in Northern Rhodesia which territory is not a part of South Africa.

(e) The question of making suitable representations to the Government of Northern Rhodesia is under consideration.

REPAIR OF FRENCH BOMBER AIRCRAFTS AT THE HINDUSTAN AIRCRAFT FACTORY AT BANGALORE

1424. *Sri V. Gangaraju: Will the Honourable Member for External Affairs be pleased to state

(a) whether the attention of the Government has been drawn to the letter of Mr. A. Z. Sheriff published in *Blitz*, dated the 22nd March

(b) whether it is a fact that nearly 20 French Bombers are sent for repairs or over-hauling to the Hindustan Air Craft Factory at Bangalore,

(c) whether Government are aware that the French Bombers are given priority,

(d) whether Government are aware that the French Bombers are meant for the suppression of Freedom movement in Indo-China, and

(e) if the answer to (c) and (d) are in affirmative, whether Government propose to consider the advisability of stopping this practice which is against the wishes of the people of India?

The Honourable Pandit Jawaharlal Nehru: I understand that this question will be answered by the Department of Industries and Supplies on a subsequent date.

Mr. Manu Subedar: The part which relates to repairs will be answered on a subsequent date. Whether in view of the declarations of sympathy of this country towards those whom the French Government want to force into submission will the Honourable Member tell this House whether he would look into such cases wherever the previous declarations tried to remain neutral and not help one side or the other particularly the aggressor side in case their equipments come here for repairs?

The Honourable Pandit Jawaharlal Nehru: I am afraid I have not been able to grasp the Honourable Member's question, but on the general trend of his question, I may be permitted to inform the House that we have been exceedingly careful that nothing should be done on behalf of the Government which might lead to help being given to the French in carrying on any military operations in Indo-China. So far as I can say off-hand there were one or two cases of hospital planes being sent for repairs to Bangalore. I am not personally aware of a single case of bomber being sent for repair. In pursuance of an old standing

contract, some months ago a hospital plane had to be repaired and that could not be refused. In any event we could distinguish between hospital plane and fighting plane. To my knowledge not a single fighting plane was allowed any facility.

SCHEME OF SOCIAL INSURANCE FOR INDIAN SEAMEN

1425. *Miss Maniben Kara: (a) Will the Honourable the Commerce Member be pleased to state whether any member of the International Labour Office was invited by the Government of India in 1945 to prepare a scheme of social insurance for Indian seamen?

(b) Is it a fact that Dr Bodmer came to this country at the cost of the Government of India to collect the necessary data for the social insurance scheme for Indian seamen?

(c) Have the Report and the scheme been submitted by Dr Bodmer to the Government of India? If so when was it submitted?

(d) What steps have been taken by the Government of India to give effect to the scheme prepared?

(e) Do Government propose to give an assurance that the scheme for social insurance for Indian Seamen will be brought before this House for discussion at an early date?

(f) Do Government propose to consider the desirability of circulating a copy of the report of Dr Bodmer to the Trade Union Organisations with a view to inviting their opinion and suggestions on the scheme?

The Honourable Mr. I. I. Chundrigar: (a) No, Sir. The Government of India had requested the International Labour Office to send to India an official acquainted with the subject of Seamen's Insurance in order to assist them in the elaboration of a Scheme of Social Insurance for Indian Seamen which had been prepared earlier by Professor B. P. Adarkar. In response to this request Dr (Miss) Laura Bodmer was deputed for the purpose by International Labour Office in September 1945.

(b) No, Sir. Except small incidental expenses, all expenditure incurred in connection with the deputation of Dr (Miss) Laura Bodmer was borne by the International Labour Office.

(c) A Joint Report by Dr (Miss) Laura Bodmer and Professor B. P. Adarkar on the Scheme of Social Insurance for Indian Seamen was submitted to the Government of India in December 1945.

(d) The authors of the Scheme of Social Insurance for Indian Seamen and the Report thereon were definitely of the opinion that success of the insurance scheme would largely depend on a simultaneous organisation of recruitment, involving a reduction of the number of those admitted to sea service, and a system of rotation for seafarers who are not in continuous employment. The Government of India, therefore, intended to appoint a Committee on Recruitment with a view to exploring the possibility of bringing about an improvement in the existing system of recruitment of Indian seamen prior to the institution of the Social Insurance Scheme. In view, however, of representations from the interests concerned (*viz.*, the shipowners and seafarers) that they should be given a chance to evolve a machinery to remove some of the evils in present system of recruitment, the Government of India postponed the setting up of the Recruitment Committee for the time being. The Shipowners and seafarers have formed a bi-partite Maritime Board at Calcutta and are reported to be investigating the possibility of reorganising the present system of recruitment. A similar Board is being set up in Bombay also. The Government of India are watching the work of these Maritime Boards with interest. As soon as the system of recruitment is re-organised the Government of India will take the necessary steps with a view to instituting the Social Insurance Scheme for Indian Seamen.

(c) The Scheme for Social Insurance for Indian Seamen and the Report thereon require further examination in consultation with the interests concerned. The Government of India will place the Scheme of Social Insurance for Indian Seamen before the House as soon as possible.

(1) Copies of the Social Insurance Scheme for Indian Seamen and the Report thereon have already been circulated to all the interests concerned, including the Trade Union Organisation, for any comments that they may wish to offer. I also lay a copy on the table.

Miss Maniben Kara: In view of the fact that the report has already been submitted to the Government of India by Dr. Laura Bodiner who came here at the express desire of the Government of India in December 1945, do Government not think advisable to immediately set up an organisation on the basis of Tripartite labour machinery, with a view to improving seamen legislation for recruitment, wages, accommodation, etc.?

Mr. President: That is asking for opinion. What is the information that the Honourable Member requires?

Miss Maniben Kara: The Honourable Member said that Government had intended to start a machinery for recruitment. I want to know whether they are going to establish this committee immediately with a view to improving the conditions of labour in sea, port trusts and docks?

The Honourable Mr. I. I. Chundrigar: The authors of the report themselves say

'The success of any insurance scheme for seafarers will very largely depend on simultaneous organisation of recruitment involving a reduction in the number of those admitted to sea service and a system of reduction for seafarers who are not in continuous employment.'

The authors themselves say that as long as the number of seamen is not reduced it is not possible to work out a scheme of social insurance. It is with a view to reduce then number that Government wanted to appoint a recruitment committee. But at the request both of the shipowners as well as the labour unions of seamen, Government postponed the setting up of such a committee because they wanted to try the setting up of a voluntary organisation, a bipartite organisation of the representative of the shipowners and seafarers, and Government wanted to give a trial to that scheme.

Miss Maniben Kara: I am not insisting on the social insurance scheme itself. I want to know whether the Honourable Member does not think it advisable to set up a tripartite machinery consisting of Government, employers and employees to consider the question of the condition of seaman's labour, and various other labour legislations.

Mr. President: I believe that has been replied to. This is a repetition.

Mr. N. M. Joshi: May I know why they took 17 months to circulate the report to the legislature when it was printed and made ready in 1945? What was the reason for the delay in publication? Secondly, will the Government of India at least now circulate the report to the members of the legislature?

The Honourable Mr. I. I. Chundrigar: I have already said that the organisations concerned, both of shipowners as well as of labour, were supplied with a copy of the report as soon as it was ready and a copy was laid on the table of the House today. If it is desired that it should be circulated to the Members of the House I shall do so.

Miss Maniben Kara: May I inform the Honourable Member that the report has not been sent to the Maritime Union of India which is an organisation recognised by the Government of India?

The Honourable Mr. I. I. Chundrigar: According to my information it was circulated to all organisation concerned with this question

Mr. N. M. Joshi: Is it the practice of the Government of India to treat this legislature as of secondary importance to the organisations of different interests?

The Honourable Mr. I. I. Chundrigar: There can be no comparison of the two. The question is that before Government make up their mind they must know the views of the persons affected

Mr. N. M. Joshi: May I know why Government did not circulate the report to Members of the legislature before making up their mind?

The Honourable Mr. I. I. Chundrigar: The question of Government making up their mind did not arise because of the offer of the organisations concerned to set up a voluntary organisation

AGRI-HORTICULTURAL GARDEN NEAR LODI COLONY IN NEW DELHI

1426. *Sri V. C. Vellingri Gounder: Will the Secretary of the Works, Mines and Power Department be pleased to state

(a) the annual expenditure incurred on the upkeep and maintenance of the Agri-Horticultural Garden near Lodi Colony in New Delhi giving figures for the Establishment and Garden separately from the year 1929 onwards,

(b) whether Government are aware that the garden is not properly kept,

(c) whether there has been change in the working hours of the gardeners,

(d) whether there have been complaints about the inadequacy of rations and the non-supply of sufficient and suitable implements for gardeners, and

(e) whether any suggestions have been received by the Department for improvement of the garden and if so, what action Government propose to take thereon?

Mr. B. K. Gokhale: (a) Presumably, the Honourable Member is referring to Joor Bagh Nursery. On this assumption a statement is laid on the table giving information which is available from 1934-35

(b) No, Sir

(c) The working hours have been reduced to 45 hours a week during Summer and 42 hours a week in Winter

(d) No complaints about the inadequacy of rations have been received

(e) There have been some complaints regarding the supply of implements and the matter is receiving attention. A proposal to transfer the nursery to a site near the Humayun Tomb is under consideration

Statement of Expenditure on the upkeep and maintenance of Tree Nursery at Joor Bagh

Year	Establishment	Other charges water, sundries manure, etc	Total
	Rs	Rs	Rs
1934-35	17,116	18,425	36,341
1935-36	17,313	16,726	34,239
1936-37	13,331	13,226	31,177

Year	Establishment	Other charges water, sundries manure, etc.	Total
	Rs.	Rs.	Rs.
1937-38	14,412	15,718	30,130
1938-39	14,881	14,971	29,852
1939-40	14,869	13,839	28,708
1940-41	15,011	14,901	29,912
1941-42	17,008	12,675	29,683
1942-43	22,243	14,094	36,332
1943-44	26,100	15,087	41,187
1944-45	29,770	15,454	45,224
1945-46	36,217	16,698	52,915

Sri V. C. Vellinguri Gounder: With reference to part (b), may I know if the Honourable Member has himself ever visited this garden?

Mr. B. K. Gokhale: Yes, Sir, several times

Sri V. C. Vellinguri Gounder: Then it is surprising that he cannot say whether it is properly kept or not. I submit that there is such neglect.

Mr. President: The Honourable Member cannot argue on the answer, he can only ask for further information.

Sri V. C. Vellinguri Gounder: Did the Honourable Member notice any defects in the conditions there?

Mr. B. K. Gokhale: Whether the garden is properly maintained or not is a matter of opinion. If we can spend several lakhs on it, we can maintain it like a park and beautifully too. But it is not a park, it is a commercial proposition and the amount of money which we spend is limited to what we can get out of it. Moreover, there is a proposal to transfer the nursery from its present site to another site and that proposal will mature very shortly, before the next rains. So we do not want to spend money on a garden which is going to be dismantled and transferred to another site.

Sri V. C. Vellinguri Gounder: Is any catalogue or list of seeds vegetables and flowers, etc.; maintained for the benefit of visitors?

Mr. B. K. Gokhale: I am not aware if a catalogue is maintained, but there is an office in this garden and I am quite certain that office has full information of what is available.

Sri V. C. Vellinguri Gounder: For a big garden like this is it not necessary to maintain a proper record of seeds and vegetables, etc., and of its activities so that the public may know about it?

Mr. President: That is a matter of opinion, and opinions may differ on this question.

Sri V. O. Vellingiri Gounder: Is it not necessary to maintain a record?

Mr. President: The record is already there.

Babu Ram Narayan Singh: What is the valuation of the present garden and what is the probable cost of transfer?

Mr. B. K. Gokhale: The cost of the transfer has not been estimated, it will be a few lakhs of rupees. The valuation again is a matter of opinion. The main reason for the transfer is that the existing site consists of very valuable building land which is essential for our building purposes, while the new site between Humayun's Tomb and the Purana Qila is in the green belt which will never be built upon and which is therefore very suitable for a nursery. Also the new site is said to be more suitable for a garden.

INCREASE IN THE EXPORT QUOTA FOR COTTON

†1427. ***Prof. N. G. Ranga:** With reference to the answers to supplementaries arising from starred question No. 1191, asked on the 26th March, 1947, relating to the proposed change in the ceiling price of cotton, will the Honourable the Commerce Member be pleased to state

(a) whether Government are aware that most of the Textile Mills have on hand stocks of cotton to last for six months and that there is much surplus cotton in India, and

(b) whether Government propose to consider the advisability of increasing the export quotas for cotton, so as to encourage peasants to find remunerative markets for their surplus cotton?

The Honourable Mr. I. I. Chundrigar: (a) and (b) The Government are aware of the stock position of cotton and have therefore permitted the export of eight lakhs of bales of cotton during May-August period instead of five lakhs of bales permitted by them during the previous January-April period.

REPRESENTATION BY THE CHITTAGONG HILL TRACTS PEOPLE'S ASSOCIATION re THEIR OPINION ON THE FUTURE CONSTITUTION OF INDIA

1427A. ***Sree Satyapriya Banerjee:** Will the Honourable the Leader of the House be pleased to state

(a) whether Government are aware that there is a strong feeling among the tribal people of the Chittagong Hill Tracts (Excluded Areas) that they are not allowed free expression of opinion regarding their position in the future constitution of India,

(b) the policy of the Government in the matter of ascertaining the opinion of the tribal people of the Chittagong Hill Tracts and other tribal areas (Excluded Areas) of the Country regarding the future constitution of the country, and

(c) whether the Chittagong Hill Tracts People's Association have made a representation to the Government regarding the matters referred to in parts (a) and (b)?

The Honourable Pandit Jawaharlal Nehru: (a) Government are unable to say whether there is such a strong feeling or not but they are aware that such views have been expressed. So far as Government are concerned they would like to encourage full freedom of expression of opinion.

(b) This matter concerns the Constituent Assembly rather than the Government of India.

(c) Government received a copy of the resolution adopted at the annual meeting of the Chittagong Hill Tracts People's Association held at Rangamati on 10th December 1946. The resolution was forwarded to Constituent Assembly. It is understood that the Sub-Committee of the Advisory Committee of the

† Answer to this question laid on the table, the questioner being absent.

Constituent Assembly concerned with Excluded and Partially Excluded Areas is at present touring the Chittagong Hill Tracts and have the resolution under consideration

MOTION FOR ADJOURNMENT

COMMUNAL PROPAGANDA BY MR ISPAHANI, LEADER OF THE INDIAN TRADE MISSION TO THE MIDDLE EAST

Mr. President: I have received notice of an adjournment motion from Mr V Gangaraju to discuss a definite and urgent matter of public importance, namely —

'The communal propaganda indulged in by Mr Ispahani, the leader of the Indian Trade Mission to the Middle East as admitted by him in his statement to the U P A correspondent at T'chran on the 31st March, 1947 published in the Indian Express and other leading Indian newspapers'

I should like to make an observation with reference to adjournment motions of this type. Honourable Members should make such motions self-contained and definite, instead of putting them in this vague manner and trying to include various things by reference to the newspapers in which the particular news may have been published. In the first place I must say that the alleged admission by Mr Ispahani seems to be not in his direct words but is alleged to have been made to the correspondent of a press service. That is what appears to be the case from the form of the motion which says "as admitted by him in his statement to U P A correspondent". One does not really know how far this admission is reliable so far as the party in question is concerned. Assuming that it is, then the question arises, so far as admission of this motion is concerned, as to whether Mr Ispahani carried on that kind of propaganda during the course of his official duties or in other words, under any instructions given to him by the Government of India or he was giving his own views during his spare time or at a time when he was not actually engaged in his official duties. I require clarification on that issue.

Sri V. Gangaraju (East Godavari and West Godavari *cum* Kistna Non-Muhammadan Rural) Sir, in his statement he says "that he was sent by Mr Mohammad Ali Jinnah and the Government of India's Trade Member (Minister of Commerce) who is a Moslem Leaguer principally to strengthen Moslem bonds between India and the Middle East."

Mr. President: I am not concerned with the merits of what he said. He may or may not have said it. This is what the U P A correspondent says that Mr Ispahani said. I do not know whether he really said so to the U P A correspondent or the latter understood him to say so. There is a good deal of difference between the two. Whatever it is, the question is whether this statement was made by Mr Ispahani under the authority of the Government of India or any member of the Government of India. That is the relevant point so far as the admissibility of this motion is concerned.

Sjt. N. V. Gadgil (Bombay Central Division non-Muhammadan Rural) There is a reference in the newspapers to the Honourable the Commerce Member. We should like to know exactly whether what Mr Ispahani said was said under the instructions of the Commerce Member as such or otherwise.

Mr. President: Let us then have the relevant facts which are within the knowledge of the Commerce Member.

Mr. Muhammad Nauman (Patna and Chota Nagpur *cum* Orissa Muhammadan) Sir, when a man goes on a delegation

Mr. President: I do not want to hear arguments on the rights of people who go on delegations that will take us nowhere. Let us first be clear on the facts.

Mr. Muhammad Nauman: He has expressed a personal opinion, which is absolutely different from the opinion that he has to express as a delegate on behalf of Government otherwise on a certain matter

Mr. President: I am trying to have the facts clarified. If the Honourable Member will hold himself in patience he will have the clarification

The Honourable Mr. I. I. Ohundrigar (Commerce Member) Sir, the Delegation consists of four members. The Delegation has been sent with the object of exploring the possibilities of developing trade between India and the various countries of the Middle East which they are visiting. From the very nature of the Delegation I do not know how any member can entertain any doubt that Mr. Ispahani had any other brief than the one of developing trade between India and these countries of the Middle East. But, Sir, as you yourself very rightly remarked, outside the scope of his duties as the Leader of this Delegation, if he has got any spare time and if he discussed any question with any parties he is free to do so.

Mr. President: I take it that Mr. Ispahani was not doing so under the instructions of the Government of India and whatever he may have done is unconnected with the Delegation, which he was leading. Therefore I do not see how this adjournment motion is permissible on the floor of the House and I disallow it.

ELECTION TO STANDING COMMITTEE FOR HEALTH DEPARTMENT

Mr. President: I have to inform the Assembly that upto 12 Noon on Thursday the 3rd April 1947, the time fixed for receiving nominations for the Standing Committee for the Department of Health, ten nominations were received. As the number of candidates is equal to the number of vacancies, I declare the following members to be duly elected to the Committee for the financial year 1947-48 —

(1) Mr. Madandhari Singh, (2) Mr. Sasanka Sekhar Sanyal (3) Sjt. B. S. Huray, (4) Mr. P. B. Gole, (5) Lala Deshbandhu Gupta, (6) Mr. Nagendranath Mukhopadhyay, (7) Mr. Leslie Gwalt, (8) Haji Chowdhury Mohammad Ismail Khan, (9) Mr. Habibur Rahman and (10) Choudhury Md. Abid Hussain.

ELECTION TO INDIAN OILSEEDS COMMITTEE

Mr. President: I have to inform the Assembly that upto 12 noon on Thursday, the 3rd April 1947, the time fixed for receiving nominations for the Indian Oilseeds Committee, four nominations were received. As the number of candidates is equal to the number of vacancies, I declare the following members to be duly elected to the Committee: (1) Sri V. Gangaraju, (2) Mr. Krishna Chandra Sharma, (3) Mr. Mohammad M. Killedar, and (4) Sardar Mangul Singh.

SUMMARY OF PROCEEDINGS OF NINTH MEETING OF STANDING LABOUR COMMITTEE—LAID ON THE TABLE

Mr. B. K. Gokhale (Government of India Nominated Official) Sir I beg to lay on the table of the House a copy of the summary of *proceedings of the Ninth Meeting of the Standing Labour Committee held at New Delhi on the 25th and 26th July, 1946

*Not printed in the Debates. A copy placed in the Library of the House.—*Ed. of D*

CAPITAL ISSUES (CONTINUANCE OF CONTROL) BILL

PRESENTATION OF THE REPORT OF SELECT COMMITTEE

The Honourable Mr. Liaquat Ali Khan (Finance Member) Sir, I present the report of the Select Committee on the Bill to provide for the continuance of control over issues of capital

INCOME-TAX AND EXCESS PROFITS TAX (AMENDMENT) BILL

Shri Mohan Lal Saksena (Lucknow Division Non-Muhammadan Rural) Mr President, when the House adjourned the other day I was making some personal remarks and I tried to assure the Honourable the Finance Member that there was nothing in my speech that warranted the inference that he had drawn that I had attributed any dishonest motives to him. I am glad that he made the categorical statement on the floor of the House that so long as he is there he will consider the interests of the whole country and not of any particular community or class. I believe that he meant what he said. But I would like to make a further submission that this does not take us very far, for surely there must be cases within your knowledge, Sir, (and I can also cite instances) where individuals had been actuated by the best of motives and still through lack of experience or foresight or through faulty or hasty judgment or even over-enthusiasm, a lot of injury has been done to the cause which they professed to serve. That being so, when we suggested that we have to proceed a little more cautiously we did not question his *bona fides*. He made a complaint that we on these benches saw *Pakistan* in everything that he said or did. I submit there is no justification in the statement that he has made. If you just consider the facts as they are you will know, Sir, that when the Budget Statement was made none of the members of our party denounced the Budget as such. In fact it was welcomed by several members of the party and it was welcomed by the so-called Congress press. Not only that. When motions for reference to Select Committee were made we allowed the Bills to be referred to Select Committee without speeches. We did so because there was much common ground between the Honourable the Finance Member and ourselves. We agreed with the social objective which he had laid before himself. We also agreed with the proposition that no more burden should be imposed on the poor classes. In fact we wanted, if possible, to remove the existing burdens and that taxation should be imposed on those classes and sections of the community which could bear them. Therefore in the Select Committee we tried our best to examine the measures on their merits. We also were prepared to offer alternative suggestions for making up the deficit. If you see the minute of dissent you will see that at one stage when a statement was supplied to us by the Finance Department which showed that by the imposition of E P T at the rate of 33 1/8 per cent the Honourable the Finance Member would be receiving more money than by B P T, we accepted the suggestion, though it was made by a member of another party and not from among ourselves. But to our great regret and surprise the next morning we were told that the Honourable the Finance Member was not prepared to consider it. And one of the members of the Select Committee holding a responsible position in the House told us that he was agreeable to that suggestion. He was supporting us. But he told us the next morning that he could not support us. It was all political and he said that we were just attacking the proposals of the Finance Member because we wanted to drive him out of the Cabinet. Nothing was farther from our minds. It was he who suspected our motives.

The Honourable Mr. Liaquat Ali Khan (Finance Member) Who, I?

Shri Mohan Lal Saksena: I refer to the gentleman who said that we were actuated by political motives. We have no such motives. You will find in this Report that we have expressed that it was not so. I wanted to say all

this because the Honourable the Finance Member himself has said that we on the Congress Benches saw *Pakistan* in everything that he said or did. As a matter of fact I think the boot is on the other leg. Whether it is Quit India resolution or the Asian Conference, they are supposed to be parts of a conspiracy organised by the so-called Hindu Congress to defeat *Pakistan*. So much for this. I may assure him once again that so far as we on these Benches are concerned we wanted to examine these proposals on their merits, I am glad that at last a compromise has been arrived at and I welcome it. But I want to tell the House that whatever we have said in our Minutes of Dissent we stand by every word of it. As a matter of fact if we did not want to press it it is because we hope that the points that we had raised would be considered and would be accepted on their merits.

One point raised by us was that Departmental officials should not be Members of Select Committees. I am glad that in the motion that the Honourable the Finance Member made in regard to one of these Bills none of the Departmental officials was included in the Select Committee.

Sir, there was another remark made by the Deputy Leader of the Muslim League Party. He quoted a Persian couplet by which he suggested that the Congress members said one thing on the platform and another thing in the Select Committee. My respectful submission to him is this. I will refresh his memory that so far as we are concerned, whatever we said in the Select Committee is public knowledge but whatever he did or said in the Select Committee is not known to the public. We said in the Select Committee what we are saying now and what we said in public. What he said in the Select Committee will remain secret. He also threatened us with the consequences of our action. He said that we are supplying to our opponents, the socialists, the Communists and others an instrument which will destroy us. He warned us of the consequences. Sir, we may tell him that this is not the first time that we have not kept an eye on the electorate. We know what would serve the best interests of the people. You know, more than once, on these communal questions we have been blamed. We have been accused of being partial, of following a policy of appeasement towards the Muslim League. But we have withstood all those criticisms. Elections have shown that though once or twice we might have failed the electorate has stood by us and by whatever we say or do here. The one consideration which guides us is the welfare of the people as a whole, the welfare of the whole country and not one section or another. I am quite sure of my electorate and I assure him that I will stand by every word of what I have said in the Select Committee or what I am saying here. And I know that the electorate knows me much better than he perhaps knows my electorate.

Coming to the present Bill I do not want to repeat the points which have already been made by my friend Mr. Manu Subedar. I want only to read two extracts from the Report of the Select Committee. They are

"Though the Bill is based upon American precedent, we are afraid that the authorities have not made a full study of the circumstances that justify its operation in America, or of the history of its administration. No information on these points has been made available to us beyond the text of the law on the subject. From what we have been able to gather, however, American experience in this matter, and the periodical changes in the relevant law effected there, should have a bearing on the consideration of the present proposal. Likewise, the British view should be given adequate importance. In the absence of much-needed information on these points, we feel very much handicapped in the consideration of the Bill which bristles with complexities."

And in the end we said

"We are convinced that an expert enquiry should be made into all those complex problems and their implications on the structure of business and society in this country should fully be examined. In any event, such a measure which is foreign to the Indian tax structure, should not be rushed through in its present form."

[Shri Mohan Lal Saksena]

Now that the compromise has been arrived at the Bill is going to pass through I would still request the Honourable the Finance Member to appoint a Committee to examine the Bill in the manner suggested in the Minute of Dissent Further, in regard to the provisions of the Bill I would draw his attention to clause 6. There is a proviso where it is said

"Provided that the tax shall not be payable by an assessee in respect of any profits or gains arising from the sale, exchange or transfer of a capital asset, being property the income of which is chargeable under section 9 and which has been possessed by the assessee for not less than seven years before the date on which the sale, exchange or transfer took place."

That means that if an assessee has been in possession of a residential house for seven years and if he sells at a profit he will not be assessed to tax but there may be a case in which the assessee himself may not be in possession. His father or predecessor in interest might have been in possession. So I understand that under the present wording of the clause as such a person who has inherited from his father or someone else who is his predecessor, in interest will not be covered by this clause. So, I hope that when the occasion comes the Honourable the Finance Member will accept an amendment to that effect to clarify the position. I am sure that is also his object that those persons who have inherited the residential property should also be benefited under the provisions of this clause. With these words I support the consideration of the Bill.

Sir Cowasjee Jehangir (Nominated Non Officials). It is not safe to try experiments with the financial proposals of a great country, which is more a continent than a country. That is exactly what is being done with this Capital Gains Tax, a tax which was examined and rejected by England, a tax which is being imposed without investigation with regard to its incidence or repercussions. I repeat it is not safe and why it should have been done is inconceivable. The only country, it appears, where such a tax exists, is America and it is surprising to find that the department that framed this Bill did not know the exact terms of the Act in America, its latest terms and they still have made bold to draft a Bill for this country without a precedent before them.

Mr President, I should have thought that the Honourable Member would have insisted upon a proper examination of this question before it was brought before us and that at least the safeguards that are contained in the only other precedent that exists in the world should have been embodied in this Bill. Sir, when we copy a particular tax of a particular country, it is as well that we look at the background of the system of taxation of that country. Now, I am informed that in America monies that are ploughed back into industry or business are free of tax. I am only giving it as an example to show the want of knowledge of the background of the American system of taxation, when this Bill was framed. There are other facilities given to the assessee in America which do not exist in England or in India and yet you take this one example of an Act and bring it into India without any of the safeguards. In America they take good care to see that there is a distinction between a *bona fide* long term investment and a short term speculative gain. Has anything been done in this Bill for that purpose? In America they do all in their power to give an incentive to long term investors of scrip. Here you are doing all you can to discourage long term holding. I have no objection to discouraging speculation. If you are to copy the taxation of a country, why not copy its good points also. Why go out of your way to discourage the holding of industrial scrip. If you are going to nationalise every industry in this country within the next two years I do not care what you do but you are not in a position to nationalise and you will not do so, and then to discourage in this way the further expansion of trade and industry is not wise in the interests of this country. Sir, there have been many who have held scrips year in and year out, through good times and bad, who have held scrips in industrial concerns when they have received no interest at

all There are many who have had to sell scrips at a loss, because they could not hold them any longer May I ask the Honourable Member whether he will take a share in those losses as he wants to take a share in the profits His answer will be in the negative If he does not desire to take a share in the losses, if he wants a share in the profits, then I consider it illogical not to include in this Bill a clause to encourage long term investment as it is in America

Sir, a good deal has been said about this Bill all over India and we can only hope and pray that wisdom will dawn on the department at last The wisest man in the world is not infallible He makes a mistake and we have to bear the consequences of such mistakes But a wise man does not make a mistake twice I will say no more

Now, Sir, as you know very well, under the income-tax law in England and in India, if an industrial concern or a business concern makes a practice of selling and buying scrips or properties or any other assets as a business, they pay tax on the profits They are allowed a rebate on the losses It is only a casual sale that is being brought under the mischief of this Bill, the casual sale that makes a profit The casual sale that makes a loss is not taken notice of It is only the casual sale that makes a profit that is affected by this Bill The large numbers of people who trade in properties who trade in scrips and in other assets are caught already under the law in England and in India Therefore let us not forget that this Bill affects only profit on casual sales and for that purpose safeguards are introduced in the American Act which are missing here The safeguard has been extended to real properties, not to land That was a concession made by the Select Committee and accepted by the Honourable the Finance Member It does not include any land in a city I would suggest that if this Bill is to be equitable in any measure at all without further investigation, the safeguard should apply to all assets that come within the mischief of this Bill I will move such an amendment for the acceptance of the Honourable the Finance Member and this House, because it is the only amendment that can make this Bill acceptable

Now, Sir with regard to the last financial Bill that we discussed, the Business Profits Tax Bill, I readily admitted that it had been improved out of all recognition by the Select Committee and we expressed our gratitude to the Finance Member for having it so amended But we also reminded the Finance Member that although that Bill, as it now stands, appears to us to be fair and equitable, the cumulative effect of all this taxation has caused the great depression that exists in India today This Budget came at an inappropriate time
 12 Noon when there was depression due to political causes over which the Finance Member had no control, but making these taxation measures of such a very drastic character at this psychological moment has had a disastrous effect and they will continue to have it If trade and industry is not to be encouraged in this country, let us know Let us know where we are and people will know what it is that they have at stake But if it is the object of Government to encourage trade and industry and to expand trade and industry, then the policy of the Government will have to be different Not only the policy of Government will have to be different, but may I say rather in sorrow than in anger that the speeches of front Benchers must also be different

We are asked what has caused this pameky feeling? It is this taxation of 36 crores, and also the speeches that support that taxation Some of them were completely illogical, as I said before I am glad to see that the Railway Member is present here today I had an opportunity to criticise him, I regret, in his absence

Sri M. Ananthasayanam Ayyangar (Madras Ceded Districts and Chittoor, Non-Muhammdan Rural) Do it now

Sir Cowasjee Jehangir: I cannot repeat all I have said His was the most

illogical speech that did the greatest damage to the trade and industry of this country

The Honourable Mr. Liaquat Ali Khan: You are now repeating what you said **Sir Cowasjee Jehangir:** I am only summarising what I said for his benefit and for your benefit in particular

Well, Sir, I do not want to take up the time of the House. I only ask that this question of trade and industry and the encouragement of trade and industry be given more careful consideration at the hands of the Honourable Member of Government. And if their policy is to change, they should let us know. That is all we ask. I do hope and trust that the Honourable the Finance Member will seriously consider the amendment I have put on the order paper. I may tell him that if that amendment is accepted, it will go a great way to meet public criticism. I will ask for his careful consideration of that amendment.

Mr. P. B. Gole (Bera, Non-Muhammadian). **Mr. President,** Sir, this is the new form of taxation which is being introduced for the first time and with great haste. As has been observed by several speakers, this kind of tax is unknown so far as the United Kingdom is concerned. Its incident in America is being copied here for the first time, although we do not know exactly how this capital gains tax is imposed in America. In fact, we do not know what the American constitution is. We know our constitution and we have got to consider all the taxes we can impose according to our constitution. I find that in this case the Finance Member or the Finance Department do not appear to have taken into consideration the Government of India Act, whereby we are authorised to levy taxation. I do not know whether under List No. I of the Government of India Act, 1935, such taxation can at all be levied. I do not know whether it has escaped his attention but I have got my own doubts and I would like to place any difficulties about the levying of this tax before the House. List No. I is the Federal List and according to which alone this House now has power to levy taxation. There are two items with which we are concerned, items 54 and 55. Item 54 is taxes on income other than agricultural income. That is, of course, mentioned in the Income-tax Act. This Bill is sought to be an amendment of the Income-tax Act and income has not been defined here, but capital assets have been defined under this new Bill. Now, let us see whether this will fall under income which is allowed to be taxed under List I, item 54. I submit that so far as the law goes, income means not the capital assets because so far we have not heard of any such taxation before. Then, there is item 55—taxes on the capital value of assets, exclusive of agricultural land and of individuals and companies. Taxes on the capital of companies is one thing, but the question is whether the taxes on the capital value of assets can also be considered taxes. I submit that they should not be considered as taxes, because, after all, who has to pay the tax? It is the seller who pays the tax generally. Of course, in certain cases it is also the buyer who has to pay. But generally it is the seller who has to pay because he earns the profit. And these taxes on the capital value of assets in this class are the taxes which are now sought to be levied on account of the transfer of assets, which, in my opinion, is not right. Then, there is another difficulty. It may be only my difficulty, and I am open to correction. That difficulty relates to the Provincial List. In this Provincial List there are two items which ought to be noted, namely, taxes on lands and buildings, hearths and windows, and item 48, taxes on the sales of goods and on advertisements. Now, Sir, here certain buildings are sought to be taxed. How can that be allowed if it goes to the Provincial List? There is also another item in the Provincial List, taxes on the sale of goods. Now, this is a particular tax on the sale of goods. Here I find from the definition of capital assets that all kinds of goods are included in this. Capital assets mean property of any kind other than agricultural land held by the assessee whether or not connected with his business, profession or vocation, any kind of property held by him as a capital asset with in the definition of this section 4-A. If that is correct, then this conflicts with Part II of the Provincial List, namely, taxes on sale of

goods. Therefore any property which can be called goods which are sold and on which the provincial government alone can levy a tax, this Central Government has no power to tax, because this is an exclusive list for the provinces, whereas List No 1 is exclusive for the Central Government. I do not understand how this is to be reconciled. What does the Finance Member mean by levying this tax on sale of goods, by this he wants to take certain portion of profits, whatever the percentage. I have no quarrel for the present with the principle of the Bill. Here the provincial government is allowed to levy a tax on transfer, whereas his Government has not got the power because it comes within the exclusive list No 11, within the provincial list of taxation. I have also tried to bring to the notice of the Finance Member that the Federal List item 55 cannot cover such taxes at all, the taxes on capital value of assets. Now, Sir, this is not a tax on capital value of assets. I can understand a man who owns a crore worth of property, because his property is valued at one crore, then he has got to pay a certain percentage. I can understand this kind of taxation, but because he happens to sell that property or part of it, and then to say that he made certain capital gains, therefore we can very well come in and tax him under item 55 of the Federal List, I very much doubt this argument. When such a kind of taxation is sought to be levied, the Government should have given really speaking longer time to consider whether this tax should be levied or not. What will be the effects of this tax on provincial list, what will be its effect on the federal list? All these points have to be considered before any such tax is levied or at least before any Bill is introduced in this House. Whatever may be the case, I know last year when the Finance Member introduced the Death Duties Bill, there also after introducing it, he circulated the Bill for eliciting public opinion thereon. Although similar death duties have been levied in U. K., still the Finance Member thought it advisable to circulate the Bill for finding out whether people liked it or not, what will be effect of such duties on commerce industry and trade and individuals in the country, and he wanted to ascertain public opinion and therefore he circulated it. This is a new kind of tax which is sought to be levied. What does he expect to get out of this tax? Two crores. Suppose the budget were not balanced to the extent of two crores, I do not think heavens would have fallen. When the Finance Member wanted to introduce such a tax of far-reaching importance, with which the people in this country are not familiar, he should have circulated it for the purpose of eliciting public opinion. Instead of that, in great haste and rush, he wants to get through this measure in the House and put it on the statute book. It is going to cause great harassment to the public. I will try to show how it will cause hardship and harassment to the public. Capital gains have not been taxed upto now. You will find they are being taxed in other forms. For instance, in the provinces when property is transferred, then stamp duty is levied, registration fee is levied and all these taxes are collected when property is transferred. In addition to these provincial duties, the Central Government wants to come in with this new tax on property. The same property is now taxed on account of transfer. What does this mean? On the same property there is to be provincial duty as well as central government duty. That is the object of the Bill. I would have expected the Finance Member not to tread upon the provincial list. It is really the business of the provinces to tax sales or transfer of property in one form or another. The Finance Member now pounces upon the same property. I would draw the attention of the Finance Member to certain remarks made by Mr. Smith. He has given there certain principles of taxation. This is what he says:

"While property remains in the possession of the same person, permanent taxes imposed on it have never been intended to diminish its capital value but only part of the revenue arising from it, but when property changes hands, such taxes have frequently been imposed upon it as necessarily take away some part of its capital value. The transference of all sorts of property from the dead to the living, and that of immoveable property from the living to the living, are transactions which cannot be concealed. Such transactions may be taxed directly. The transference of moveable property from the living to the living may

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be taxed indirectly by requiring that the deed containing the obligation to repay should be written upon paper or parchment which has paid a stamp duty and that it should be recorded in some public or private register and by imposing duties on registration."

This is the way in which the author points out how the sale of property can be taxed. You can levy stamp duty, registration duty and in this way tax on capital could be levied. But here a novel method is suggested by the Finance Member for levying tax on transfer of certain capital gains, as he terms it. I would try to show that this Bill will cause a good deal of harassment. I have got many difficulties. Of course I have given notice of amendments. But those amendments do not affect the principle of the Bill. But they do show the difficulties that arise in rushing through such Bills. I will give you one or two instances. Here exemption is sought to be made in the case of buildings or house property which was in possession of the assessee for more than seven years before the sale. Now, Sir, the wording is so vague. Supposing before the expiry of seven years, say one month before the lapse of seven years, the assessee's father dies and the assessee succeeds. Then the assessee would be considered to be in possession of the property only for one month as really speaking it has descended to him by inheritance. Here under the law as it stands today unless it is amended, the assessee would mean the assessee and not his predecessor in interest, namely the father or any other person to whom he succeeds. Within the period of seven years the assessee must be alive. Suppose that man dies and the assessee succeeds, then that assessee is not entitled to the benefit of exemption that is made in the case of property in possession of the assessee for seven years and more. Now, this is a very glaring injustice. I do not understand how it escaped the attention of the Select Committee, nor do I know specially when the Finance Department insists that the assessee should mean the assessee himself and not predecessor in interest. I mean that predecessor by way of transfer but by way of succession. Supposing there is a man to whom the assessee succeeds. If the property is in the possession of the assessee or his predecessor in interest, namely, father or brother or uncle to whom he succeeds, that whole period should be considered in giving exemption. I have given notice of an amendment which will at least give effect to the intention of the exemption that is sought to be made.

Mr. President: In the case just cited by the Honourable Member, he perhaps includes even transfer by way of gift?

Mr. P. B. Gole: Not only gift but exchange also.

Mr. President: In his argument the Honourable Member was referring to succession and he said, "not by way of transfer."

Mr. P. B. Gole: Yes.

Mr. President: Therefore I was pointing out whether he would not in that argument include transfer by way of gift.

Mr. P. B. Gole: I will show that transfer by way of gift has been specially excluded. But in this new clause the wording is like this:

"The tax shall be payable by an assessee under the head 'Capital Gains' in respect of any profits or gains arising from the sale, exchange or transfer of a capital asset", etc.

I can understand sale but I do not understand exchange and transfer. The words 'exchange' and 'transfer' have a specific meaning under the Transfer of Property Act. Transfer would include mortgage, lease and also gift. 'Exchange' is another word which is sought to be introduced here. Supposing a man exchanges his house for certain jewellery, this will come under this category and the Income-tax Officer will call on both the transferor and the transferee to show the original value of the house as well as the jewellery and both will be liable to tax. Is that the intention? If a man exchanges his house for a field, both he and the owner of the field will be taxed. The value of the House will be assessed according as it existed on 1st January 1939. Although it is only an

exchange and there is no profit as such, the Income-tax Officer will value the house at such and such a rate and impose a tax because he will say it is a capital gain. This will cause unnecessary harassment. Then I do not understand what is meant by "transfer". Transfer, as I said, includes mortgage because it has been defined in the Transfer of Property Act as transfer of an interest in immovable property. So if a mortgage is executed will it be taxed? It is after all a debt which a man wants to incur because he is in distress. Will the Income-tax Officer come down and tax this mortgage because he gets more money than he would have got in 1936 or 1937? If that is the intention I must oppose it. There is no gain, it is just a debt.

Sir Cowasjee Jehangir: Does the Honourable Member interpret those words as making a mortgage also subject to taxation?

Mr. P. B. Gole: Yes. If you go to a lawyer or a judge he will say that mortgage is included in transfer. The gains in this case will be ascertained like this. If a property is valued at Rs. 5,000 in 1939 and it is mortgaged for Rs. 7,000 in 1946, there will be a gain of Rs. 2,000. Or, a property valued at Rs. 50,000 in 1939 may be mortgaged for a lakh in 1946. There is Rs. 50,000 more, and that may be taxed.

Sir Cowasjee Jehangir: What is the legal position of the property when it is mortgaged?

Mr. P. B. Gole: The mortgagee is the legal owner, even in the case of possessory mortgage it is the mortgagee.

So transfer by itself is so vague that it may include mortgage also. And it will also include lease. Suppose a lease is given for 99 years, they will say it is a sale and so the man who gets the premium will be liable to taxation. Why introduce these words 'exchange' and 'transfer' in a legislation like this? The Honourable Finance Member said that this is going to be for one year.

The Honourable Mr. Liaquat Ali Khan: I did not say that.

Mr. P. B. Gole: Then is it going to be permanent?

The Honourable Mr. Liaquat Ali Khan: Yes, of course.

Mr. P. B. Gole: That is all the greater reason why we should be more circumspect about this legislation and not rush it through. We must weigh every word and consider the effect on the tax-paying public. For the sake of two crores to rush this Bill through will be injurious to the people affected. I should like to ask the Finance Member whether by using these words 'transfer' and 'exchange' he intends to tax both the transferor and transferee in the case of exchange and whether in the case of mortgage and lease he wants to tax the lessor and mortgagor. It is really a case of distress and that is why a man wants to part with property. As my Honourable friend Mr. Gadgil tells me, you can call it a distress tax, it is not a gains tax. Why not have this 'distress' tax because all people are in distress today. If at this time the Finance Member comes up with a Bill to tax the distress money, I can understand it, but if he says that he is going to tax the capital gains, then certainly the way in which he wants to do it is open to objections in more than one way.

There are certain principles which seem to have been violated by this proposal for taxation. Really speaking, tax has been defined and some of the main principles of taxation are that it should be easily understood, it should be easily calculable, and it should be easily payable. In the case of these capital gains where the property is in the hands of a person for more than 50 years and he sold it in 1945 or 1946, on what basis is the value of that property to be calculated in order to assess the profits? It has been stated in this Bill that the 1st of January 1939, will be taken as the basis for calculation. What

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is that basis? Are you going to give power to the Income-tax Officer to ascertain the value of that property as on the 1st January 1939, and then calculate the profits? I would humbly submit that that would be very injurious.

The Honourable Mr. Liaquat Ali Khan: For how long did he have this property?

Mr. P. B. Gole: 50 years.

The Honourable Mr. Liaquat Ali Khan: Then there is no capital gains.

Mr. P. B. Gole: That is in the case of house only, but not in the case of other property. Even the outlying land, barring of course the courtyard, you will tax if it is not an agricultural land.

The Honourable Mr. Liaquat Ali Khan: Any land that is with the House is included in the House.

Mr. P. B. Gole: Yes, but supposing he has got a piece of land which is not an agricultural land and which he wants to turn into building sites and he sells that, how are you going to assess the profits? On the basis of its value on the 1st of January 1939?

The Honourable Mr. Liaquat Ali Khan: Yes, that is so.

Mr. P. B. Gole: Why have you fixed that date? We do not know why the 1st of January 1940 is not taken as the basic date. This date is arbitrary. You wanted some date, and you have fixed the 1st of January 1939 as the basic date. If a man possesses land and he wants to sell it because he cannot make his both ends meet, he is to be assessed. I concede one thing that the Honourable the Finance Member has been very slow in levying this tax, he has proposed a tax of one anna in the rupee. But the principle is wrong, and therefore when you want to tax the first thing which will be extremely harassing to the assessee will be to ascertain the value as it stood on the 1st of January 1939. If a man possessing a lot of property wants to sell a part of it, he has got to ascertain the value of it—barring of course house property which has been exempted—and that power is to be given to the Income-tax Officer or the Assistant Income-tax Officer. This is an instrument in the hands of the Income-tax Officers and that should not be made an instrument of harassing the assessee as it is going to be and I shall presently show you how.

There is another difficulty which the Honourable the Finance Member does not appear to have noticed. A man with a lot of property has got certain things in reserve, for instance he may have got certain materials—bricks, timber, etc.—stored in the House, and he feels that he cannot make use of them and sells that material. Now in the definition of personal effects it is not included, but he is expected to keep an account of it. The tax is for what has happened in the past. If the accounts are to be kept hereafter, people will take care to maintain such accounts but those who have sold property during the last two or three years have not kept any accounts of that. And the Income-tax Officer will pounce upon such people and will ask them to show the accounts, and if the accounts are not shown then of course either they are liable to be taxed heavily and they are liable to be prosecuted also for not giving proper information to the Income-tax Officer.

The Honourable Mr. Liaquat Ali Khan: May I point out to the Honourable Member that this tax will apply to profits made between April 1946 and April 1947. It has nothing to do with the profits that were made before.

Mr. P. B. Gole: I agree. But my argument still stands, namely, that those persons who did not anticipate this tax did not keep any accounts of their disposals.

The Honourable Mr. Liaquat Ali Khan: Of timber and bricks!

Mr. P. B. Gole: Yes, and any other property. What will happen to them? They will be called upon to produce accounts and if they fail to do so, they will be punished. The Honourable the Finance Member wants two crores of rupees and for this all these assessments. They may be called upon to produce an account which they may not have kept. This is very harassing, and as I have said, although the tax which has got to be collected is very small, it is going to cause so much of harassment to the public.

Now, I would draw the attention of the Honourable the Finance Member to certain words in clause 6. He may consider whether it is necessary and why it has been put in there. In the first proviso to sub-clause 2 it is stated

'Provided that where a person who acquires a capital asset from the assessee, whether by sale, exchange or transfer, is a person with whom the assessee is directly or indirectly connected, and the Income-tax Officer has reason to believe, etc., etc.'

I have not been able to understand why the words 'directly or indirectly' have been put in there. I do not understand the legal phraseology, but I know that it is within the discretion of the Income-tax Officer to ascertain whether a person who acquires a capital asset from the assessee is 'directly or indirectly' connected or not. If there is no direct connection, then he may be taken as indirectly connected.

Another wording which is very curious and which occurs in a Bill of this nature is "he has reason to believe that the sale, exchange or transfer was effected with the object of avoidance". I know the Honourable the Finance Member is also conversant with the Indian Penal Code. The phraseology used in this legislation is not really understandable. As soon as an Income-tax Officer suspects that such and such a thing has happened he calls upon the assessee to explain and if he does not, he will be liable to prosecution. This is another handle given to the Income-tax Officer to harass the assessee. In a legislation of this nature a phraseology which is generally used in the Indian Penal Code has been used.

If an Income-tax Officer has reason to believe that a transaction has been effected with the object of avoidance, that is not sufficient. The inspecting Assistant Commissioner has to give sanction for the prosecution. Supposing the Income-tax Officer commits a mistake and an appeal is made. In the appellate court it would be at once suggested that the inspecting Assistant Commissioner has already looked into the case and sanctioned the prosecution. The appeal therefore will be useless. In a simple legislation for raising 2 crores of rupees such a kind of phraseology should not be used and as the Honourable the Finance Member just now said this is going to be a permanent measure on the statute book. In these circumstances I do expect that legislators should be more circumspect. They must weigh the effect of each word upon the assessee or the person to be affected by it. Unless that is done such a kind of legislation should not be rushed through and it would be highly dangerous to the public.

The Finance Member was kind enough to exclude house property and personal effects. Why has he not made that distinction with regard to other property? I could have understood if he had restricted himself to the transactions on the stock exchange. The transactions which took place during the last year would have easily got him 2 crores. Every transaction that takes place there will be liable to tax as soon as profits are earned. After all in a transaction on the stock exchange whereas one party might lose, another party is sure to gain. Therefore his tax is certain, whether the shares go down or go up. Somebody has profited and somebody has lost. Those who have profited will be liable to tax and you can easily calculate the tax and collect it. But in order to get 2 crores all the assesseees in India are liable to suspicion under this measure and they have to render account for every transaction that

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they make during the year. And they have also the sword hanging upon them of a possible prosecution or a possible penalty. This is not really necessary at this stage. After all the Finance Member wants only 2 crores and for this purpose a legislation of such a far-reaching character as this one is should not be taken up even for consideration at this stage.

Another difficulty which seems to have been lost sight of by the Finance Member is that there is no basis for the Government to ascertain the market value, and the gains on property which has been sold in 1945-46 are to depend on the market value which existed in 1939. Leaving aside the stocks and shares on the stock exchange, with regard to other property what basis is there for the Government to ascertain the market value of any property in January, 1939, unless of course so far as goods are concerned the value may have been published in the Gazette of India. With regard to other property I submit that the Government has not got any basis. After all this is going to be by way of approximation and the Income-tax Officers will be tempted to under-estimate the value of property in order to show that they are efficient people. Perhaps it will also open the floodgates of corruption. I do not know whether all that is necessary at this stage. After all we are experimenting for the first time. We have got an Indian Finance Member and he wants to make experiments in taxation. I have no objection to that provided he had given sufficient time to the public and this House to consider the possible effects of such taxation on the ordinary income-tax-payer. Instead of that it creates new instruments of harassment and gives wider powers to the Income-tax Department. This should have been avoided at this stage at least. I do not know why the Finance Member is enamoured of this capital gains tax at this stage. So far as the general public is concerned they are very much afraid that they will be taken by surprise. At any stage they may be called upon to account for all the transactions that they carried on during the year and very often distress money will be charged, as my friend Mr Gadgil pointed out, it will be distress tax, not capital gains tax. I think it will fall heavily on the general public. As a compromise has been arrived I am not going to object to the principle of the Bill. I do find that there are certain very material defects in the Bill and they should be removed if the Finance Member wants to give effect to his intentions. I have given notice of certain amendments and I hope the Finance Member will take them into consideration and make the Bill less vague than it is at present.

Sri M. Ananthasayanam Ayyangar: Sir, as regards transfer, it applies only to actionable claims. I do not understand how the Capital Gains Act can apply with respect to mortgage. There is no question of gain so far as mortgages are concerned. My friend has raised unnecessary alarm where really there is no cause for it. If my Honourable friend is asked to redraft the Bill he will use the same word "transfer".

Mr. P. B. Gole: I can understand the expression actionable claim...

Sri M. Ananthasayanam Ayyangar: Transfer of an actionable claim, sale of immovable property, sale of an asset and so on are general expressions which apply *mutatis mutandis*. Sale, exchange or transfer are compendious expressions where property belonging to one party is conveyed to another in some form or another. Mortgage also is a transfer. It comes under the general term. It does not come under capital gain because there is no gain. Let us wait till the next session and my Honourable friend can then question whether this is so or not.

Then my Honourable friend is trying to kick at every taxation measure. I am not prepared to do that. Up to Rs. 15,000 it is exempted. Let us not walk into the lobby supporting Mr. Gole under the impression that it affects

the poor man. That man is not poor who by transfer of property gets a net gain of Rs. 15,000. Then this country will be the richest country in the whole world. I am not worried about that. But how it affects the general industry has to be noted. It is true that the rich man only has only to pay this. But I have a few suggestions to make both regarding the form and the substance of this measure. Regarding the form of the Bill you will see that in clause 8 the rates of tax are given. This is an amendment to the Income-tax Act. That fact cannot be escaped. Ordinary income is taxed under the Income-tax Act. Capital gains are also now sought to be taxed. Therefore this must be an amendment to that Act. The rates have been given for this particular year. These must apply for this particular year and not for all time to come.

The Honourable Mr. Liaquat Ali Khan: They will apply for all time to come till an amendment is made in these rates.

Sri M. Ananthasayanam Ayyangar: I am trying to point out to the Honourable Member that the rates themselves are included here. Please see clause 8 where it is stated that where such amount exceeds Rs. 15,000 but does not exceed Rs. 50,000 the rate is one anna in the rupee. I am not taking exception to this having included it in this Bill. But I say this is the Finance Bill for the current year. I would suggest to the Honourable the Finance Member that this may be restricted for this year.

The Honourable Mr. Liaquat Ali Khan: This Bill is not restricted for one particular year. This Bill is an amendment to the Income-tax Act and therefore it will become a part of the Income-tax Act.

Sri M. Ananthasayanam Ayyangar: Evidently I have not made myself clear to the Honourable Member. I agree that this consists of two portions. One is a substantive amendment to the Income-tax Act so as to make capital gains also liable to tax from year to year. The Income-tax Act makes particular kinds of income liable for taxation. That is a general tax. But each year the Honourable the Finance Member introduces a Finance Bill specifying the rates of the tax. Last year's rate may vary from this year's or other year's rates. Likewise I would also desire that the rates that have been given this year should be confined, so far as clause 8 is concerned, to this year only. He must incorporate it in the next financial year along with the other slabs and rates with respect to Income-tax. It is not two crores, it may yield 20 crores. It is possible that next year we may have a deficit and we may have to change the rate accordingly. Let us not change a permanent Act like the Income-tax Act. Let this come before the Assembly in the form of a financial measure from year to year. That is my submission with respect to the form of the Bill.

Then as regards companies, clause 8 says

"Where the total income of a company includes an income chargeable under the head 'Capital gains', the super-tax payable by the company in any year shall be reduced by an amount computed on that part of its total income which consists of such inclusion at the rate of super-tax (excluding the rate of additional super-tax if any) . . . etc."

The small company should not be hit and should be excluded from the operation of this. The slab should apply to companies also. That is the suggestion I would make. Instead of imposing a five annas super-tax over all kinds of incomes I would suggest the slab system. If it is a company which has got enormous profits, say over Rs. 5 lakhs, then it may be done.

Let us see to what kinds of incomes this Act would apply. So far as agricultural lands are concerned it does not apply. So far as house property is concerned, if the house has been occupied for seven years it belongs to him

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and this does not apply. So far as the representative of an interest is concerned I do not agree with my Honourable friend. An assessee means a representative of the interest. If the father dies fresh proceedings need not be taken up.

Mr. President: I believe, if the Honourable Members will refer to the definition of 'assessee' in the Indian Income-tax Act he will find that it clearly says that an assessee is a person who pays the tax. That is the difficulty which Mr. Gole finds.

Sri M. Ananthasayanam Ayyangar: It means a person, his heirs or representatives. That is my interpretation unless there are particular decisions upon this point.

We have disposed of both agricultural lands and houses. Then to what kinds of incomes does this apply? If a person is a brick-layer and goes on indulging in it as a profession he comes under the Act. Similarly a jeweller comes under the Income-tax Act. If he deals in stocks and shares he comes under the Income-tax Act. Even though it might be against all canons of finance I would have liked that the Honourable Member must have taxed all the war profits, gains. A number of companies, for instance some of the newspapers, changed hands. The amounts were Rs. 69 lakhs, 70 lakhs, and so on. For one or two years whatever gains have been made by capital transfers during the period of the war may be taxed and the whole amount might have been funded. Unless there is a war hereafter there will not be so many transactions, the gains of which will accrue to the exchequer which my Honourable friend wants to fill as early as possible.

All this argument is for leading to this suggestion. The suggestion is this. In the case of landed property, in the case of house property, for a period of seven years you allow an exemption. I would like sales to be taxed likewise. Hereafter whatever sales take place, if a person is in possession for a period of four years and then sells, this ought not to apply. If he purchases for the purpose of merely selling, then he is speculating so that he may make a profit. But if he keeps it for a period of four or five years then it may not be for profit. He may sell it on account of extraneous circumstances. The Honourable Member may kindly consider that suggestion.

Above all I am anxious about industries—it is not with respect to the rich man, but industries as a whole in the country. I am anxious that no taxation measures should so affect the industrialist as will make it impossible for him to enter upon some new ventures. There are a number of new ventures for which money has to be thrown blindly. It may end in a loss in which case the Government is not going to give it. But if there is a profit Government would tax it. In either case he will be at a loss. Until we industrialise or until the Honourable Member appoints a number of Committees in various Departments to industrialise I would submit to the House that we have to go cautiously. That does not mean and it ought not to be open to any section of the House or outside to say that we are against taxing the rich. Absolutely not. The rich alone can pay. I am addressing myself to another aspect. I will give one instance. I was told, and reliably, that during the war a number of our young men who had had training in electrical, mechanical and other kinds of engineering were asked to prepare a number of secretaphones, carriers, which were used during the time of the war in the Postal Department. Afterwards they have closed that section. They are not producing any more secretaphones or carriers. They are very valuable. If that industry is to be developed it can be done only as a state industry. Capitalists or industrialists may hesitate to risk upon the venture. It is full of possibilities. The robot machine and the radar which were used in the war were discovered

by persons who had had training in such directions. Cables can be manufactured, automatic telephones can be manufactured. Somehow the persons who are in charge are not interested in allowing our young men to make researches in these directions. Our Government must become practical in view of the freedom for the country which is in sight. Hereafter we will have to address ourselves to economic issues. Therefore I am asking the Honourable Member to have a kind of balance with respect to this matter. If he, along with the members of the Cabinet, has decided to start a number of industries, that is a different matter but otherwise let the industrialists be given some latitude so that they may embark upon new industries. Whether they sink or swim, some latitude is necessary. That is the object with which I have said a few words. I suggest that he should proceed cautiously in this matter.

Sir Cowasjee Jehangir: It is one thing for a non-official member to explain the Bill and 'it' is a different thing for an official to do so. I would therefore suggest that Mr. Lal should get up and explain the position.

Mr. Shavax A. Lal (Government of India Nominated Official) As my Honourable friend Mr. Ayyangar has pointed out, the use of the word 'transfer' is necessary in order to cope in such transactions as are not strictly describable as sale. He has given one instance. I would give another instance by referring to the third proviso, where transfer of irrevocable trust is exempted. If the transfer is revocable, it is not exempted but such transfer cannot be described as sale. It can only be described as transfer. The use of the words 'sale, exchange or transfer' is necessary in order to include or embrace all those transactions which yield capital profits. For instance mere mortgage does not yield any capital profits. It will obviously not be included, because before it can be included there must be profits or gains arising from the transfer. When a property originally worth 5,000 is subsequently mortgaged for 50,000, there is no gain at that stage. It is just a borrowing transaction and a security has been furnished, there being no capital profits or gains. A mere mortgage will not be hit but there are other transfers which, as I just now said, are not properly describable as sales but which all the same yield profits.

Mr. P. B. Gole: What about usufructuary mortgage?

Mr. Shavax A. Lal: Mortgage will not be hit. If the mortgage is foreclosed and then the profits result, naturally that foreclosure is nothing but a sale. At that stage it will be hit. If there are no capital gains, then there will be nothing to tax but the word 'transfer' is necessary.

Mr. P. B. Gole: Where are the gains in the case of a foreclosure?

Mr. Shavax A. Lal: You get that property as owner.

Mr. P. B. Gole: Who is to be taxed—the mortgagee or the mortgagee?

Mr. Shavax A. Lal: Whoever derives a profit.

Sir Cowasjee Jehangir: Take the case of a man who has borrowed money on mortgage. He gets no further money?

Mr. Shavax A. Lal: If he does not get any further money, he is not taxed.

Sir Cowasjee Jehangir: What happens to the foreclosure under the clause?

Mr. Shavax A. Lal: If he does not make any profit, he certainly would not be liable to pay. If the original vendor had made profit on that he will certainly be liable.

Sir Cowasjee Jehangir: The whole thing is confused and ill-considered.

Mr. President: The difficulty of the members, as it appears to me, is this. Suppose property worth 5,000 is mortgaged for Rs 25,000, because of rise in prices I assume it is a question of taxation of gains or profits. The original value is lower than the value at the time of mortgage, which is higher. He has mortgaged for 25,000 which is foreclosed. Will the original mortgagor be liable to tax in respect of the difference of Rs 20,000 (Rs 25,000 minus the original value)? That is the question which I believe Honourable Members want to be answered.

Mr. Shavax A. Lal: In that case he realises the money. It will be much more than his original investment and he will be liable.

Sir Cowasjee Jehangir: At the time of foreclosure, which is the time of the actual sale, the rise in the value of the property is Rs 1,000. Take the case the Honourable President has put before you. Rs 5,000 worth of property is mortgaged for 25,000. The mortgagor cannot get his money. He forecloses and at that time, the value of the property is only 6,000. Then what happens? Is the profit Rs 1,000 or is it 20,000?

The Honourable Mr. Liaquat Ali Khan: That fellow has got 25,000.

Sir Cowasjee Jehangir: He has got it through mortgage. That is a legal point. The Finance Member is also a barrister. He is a lawyer. The point will be discussed in a court of law.

Mr. President: The point is clear. The mortgagor having received the benefit of the extra Rs 20,000, whatever the value of the property may be at that time he will be liable. That is the position.

Mr. Manu Subedar (Indian Merchants' Chamber and Bureau, Indian Commerce). If it is foreclosed the man is bankrupt. How will Government collect the tax?

Mr. President: Government may not be able to realise the tax.

Mr. P. B. Gole: I wanted some explanation from the Honourable Member about exchange, whether he wants to tax the transfer.

Mr. Shavax A. Lal: In the case mentioned by Mr. Gole, jewellery will not be hit but the man who parts with the house in exchange for the jewellery and makes profit on that house, he will certainly be liable. If it is a case of shares, the man who transfers the shares and makes a profit—he will of course have to pay the tax. Similarly, the man who gives the house in exchange, if he makes profits, he will also be taxed. It is not a double tax, because the taxpayers are two different persons. When both parties make capital gains, why should not both of them be taxed? There is no inherent reason why they should be exempt.

Mr. P. B. Gole: Take the mortgagor and the mortgagee. Both would be taxed?

Mr. Shavax A. Lal: You referred to exchange.

Mr. President: The property belongs to the mortgagor. That would be the answer. Suppose it is a transfer by way of lease. Lease of property originally worth 5,000 is effected. It is a permanent lease and the premium is 10,000. The reversion is kept in the owner. How will the premium be treated?

Mr. Shavax A. Lal: It will be a transfer of the lease. If the original lessee who paid a premium of Rs 1,000 subsequently transferred that lease for a premium of one lakh of rupees, he makes a profit of 99,000 and he will be liable to pay tax on that, because that is a transfer of lease interest from A to B. If there is a profit, it is a capital profit.

Mr. President: The case which I am putting is this. A man is the owner of property which is worth Rs. 5,000. The owner leases that property himself for a premium of Rs. 10,000 and the lease is in perpetuity. For all practical purposes, it is for all time to come. How will that be treated? In my opinion it is a legal transfer. (Interruption) My Honourable friends may take it that it is a case of transfer as defined in the Transfer of Property Act.

Mr. Manu Subedar: I raised this point elsewhere and I was told that only when it is a transfer by way of sale it is affected and where a capital asset is permanently leased out, the question does not arise.

Mr. Shavax A. Lal: In that case what he recovers is really a rent. Instead of charging so much rent per year, he takes it in a lump sum. That is the only difference. All the same, he is leasing out his property and he may be liable to income-tax. I will not answer that point. But whatever he gets as rent, he will be chargeable under the Income-tax Act.

Mr. President: We are not concerned with the income-tax.

Mr. Shavax A. Lal: He may be caught there, but he won't be caught here. But if the lessee has obtained that for Rs. 10,000, he will be liable to pay.

Mr. Manu Subedar: Supposing a man has leased a property at Rs. 500 a month and he is holding the lease. In due course, somebody wants to possess this property and lease. The other man says 'I will give you the benefit of my lease of Rs. 500 a month on the basis that you give me a premium of, Rs. 50,000.' It is a transfer from one lessee to another lessee and he earns a premium of Rs. 50,000. That premium is neither by way of sale nor transfer.

Mr. President: It is a transfer of lease-hold all rights.

Mr. Manu Subedar: I would like to know whether that premium is regarded as falling within this category.

Mr. President: It falls within this category.

Mr. Muhammad Nauman (Patna and Chota Nagpur *cum* Orissa Muhammadan). Sir, I had no desire to take part in this debate but a few remarks made by my Honourable friend Mr. Gole have prompted me to intervene in this debate. I could not really understand the whole trend of his argument when he was trying to impress upon the House that capital gains are probably the normal things and they arise out of normal conditions and therefore there should be no special tax on them. He forgets that these profits are not made in normal conditions nor was there any effort on the part of the individual who has been benefited by the gains. They are incidental to certain conditions which have arisen in this country and by which condition the Government of India had to ~~1936~~ Government had to be put to certain expenses due to those conditions and those expenses had to be met by certain conditions which had made people earn certain over-trick profits. It is this common man for whom Mr. Gole was arguing.

Mr. P. B. Gole: A poor man is not liable to tax.

Mr. Muhammad Nauman: My Honourable friend was using the expression 'common man'. It is this common man who gains Rs. 15,000 and more. Even if he gains upto Rs. 15,000, the incidence of taxation is very small.

Mr. President: If the Honourable Member is going to enter into another point, then he might resume his speech after Lunch.

TAXATION ON INCOME (INVESTIGATION COMMISSION) BILL

[PRESENTATION OF THE REPORT OF SELECT COMMITTEE]

The Honourable Mr. Liaquat Ali Khan (Finance Member): Sir, I present the report of the Select Committee on the Bill to provide for an investigation into matters relating to taxation on income.

The Assembly then adjourned for Lunch Till Half Past Two of the Clock.

The Assembly re-assembled after Lunch at Half Past Two of the Clock, Mr. President (The Honourable Mr. G. V. Mavalankar) in the Chair.

INCOME-TAX AND EXCESS PROFITS TAX (AMENDMENT) BILL—*contd*

Mr. Muhammad Nauman: The point I was making was that capital gains which are proposed to be taxed are gains which have accrued to the assessee without any effort on his part. As a matter of fact as a result of the unprecedented misery of many millions of people and as a consequence of inflation, this capital gain accrues to the assessee. I would not ask my Honourable friend Mr. Gole to be a party to that sort of thing where profit accrues to a man without any effort. It is only right that the State should step in and take a share thereof. This Bill ought to have been introduced long ago and it would have been very useful in fighting inflation.

Shri Sri Prakasa (Benares and Gorakhpur Divisions, Non-Muhammadian Rural): Why should not members of the Assembly part with a portion of their daily allowances? That is also earned without any effort.

Mr. Muhammad Nauman: My Honourable friend could move in that way if he likes, if the allowance that he earns is without any effort on his part. I was just saying that this tax was not introduced by the earlier Finance Members because he is not interested in fighting inflation. Further the foreigners who were till now Finance Members did not want to disturb vested interests in this country and they never wanted that the State should take a share in the gains of vested interests people of this country. A lot of discussion was raised about mortgage. I think the Honourable Member tried to clear the point. I can give one instance. In a particular case, a gentleman in Calcutta was owning ten houses and because of certain depression, he had to mortgage all of them for a certain amount. When inflationary conditions prevailed, he sold away one of the houses for the entire mortgage amount on the ten houses and thereby he redeemed the nine houses free from mortgage. In that case no question of capital gain would arise. Supposing a house is mortgaged for Rs. 5,000 and because of inflationary conditions supposing the same house is mortgaged for Rs. 50,000 again. There is a distinct gain of Rs. 45,000 in that case.

Mr. P. B. Gole: To the mortgagor it is a gain.

Mr. Muhammad Nauman: It is not perfectly clear whether that Rs. 45,000 will be subject to this tax. The house when it was mortgaged for Rs. 5,000 was naturally valued at about Rs. 15,000 and when it was further mortgaged for Rs. 50,000—on account of inflationary price—the house would have been valued at Rs. 2 lakhs. This is a clear case of capital gain. I do not know what interpretation would be put on this transaction and I do not know what Government would say on this point. This is my way of interpreting the Bill before the House.

Sri M. Ananthasayanam Ayyangar: God save us from this interpretation.

Mr. Muhammad Nauman: Of course, lawyers are there to argue in a court of law. I submit this is a perfectly good tax and it should have been brought in

earlier. I further think the Bill has been amended in a way in the Select Committee as would be acceptable to the House and it would be unanimously accepted by the House.

The Honourable Mr. Liaquat Ali Khan: Sir, I am indeed grateful to my Honourable friend Mr. Mohanlal Saksena for his statement that he did not intend to impute any motives to me. I accept that statement and I am very glad to have this assurance. Sir, I do not mind criticism. As a matter of fact a debate without criticism is like food without salt. Just as salt has been made free, so is criticism free.

Shri Sri Prakasa: It is selling at a higher rate than it did before.

The Honourable Mr. Liaquat Ali Khan: So is criticism. Now, Sir, my Honourable friend Sir Cowasjee Jehangir, who unfortunately is not here has stated that this tax was rejected in England. The only country where a tax of this kind is imposed is U S A. Sir, I do not go by what other countries do. As a matter of fact it has been pointed out by several Honourable Members that England has not accepted this tax. I am glad to find that Honourable Members follow England so closely. But I am not concerned with whether England or any other country has or has not got this tax, what I am concerned with is whether the tax is or is not a fair tax.

Shri Sri Prakasa: Or whether the State deserves it. Why do you want the tax when you cannot even maintain law and order?

The Honourable Mr. Liaquat Ali Khan: If men like my Honourable friend break law and order it is difficult to keep it. No Government in the world can maintain law and order with the forces under its command and the sooner we get rid of this idea the better, I think it is the duty of every citizen to help in the maintenance of law and order. No Government can have a policeman behind every citizen in the State.

Shri Sri Prakasa: But they can take taxes all right.

The Honourable Mr. Liaquat Ali Khan: If I did not take the taxes my Honourable friend would not be here to criticise the taxes.

Shri Sri Prakasa: I should be here all right.

The Honourable Mr. Liaquat Ali Khan: Sir, it has been said by my Honourable friend Sir Cowasjee Jehangir that when we introduced this Bill we had not adopted all the provisions of the Act in the U S A. But my Honourable friend forgot that the U S A Act has been amended, as far as I am aware, at least four times since it was introduced. Conditions in every country differ, and this is the first time that we are introducing a tax of this kind, and I can visualise a time when it will be necessary for us also to amend our Act from time to time in the light of the experience gained in its administration.

An Honourable Member: Is it going to continue?

The Honourable Mr. Liaquat Ali Khan: Yes, it is a permanent tax, I said that.

Now, Sir, my Honourable friend Sir Cowasjee Jehangir stated that losses are not set off against gains in this Bill. If he had taken the trouble to read clause 10 he would have found that losses in capital transactions are to be set off against gains; and it is not only for one year or two years or three years but up to six years. Therefore this criticism of my Honourable friend is based on ignorance of the provisions of the Bill.

Shri Sri Prakasa: Will the losses be deducted from the total income of the assessee?

The Honourable Mr. Liaquat Ali Khan: No, out of capital gains. This is a separate account. If you do not want me to tax this income as total income of

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the assessee you surely cannot expect him to set off losses from his total income against this particular head of income

My Honourable friend Mr Gole raised a number of points. He started by raising a legal point, he was not quite sure whether this legislature was empowered to levy a tax of this kind. As a matter of fact this was pointed out to me when this Bill was being framed and I am quite sure that it is within the power of this legislature to impose this kind of tax. It is not a sales tax—it is a tax on income.

Mr. P. B. Gole: May I know whether it comes under item 54 or item 55 of the Government of India Act?

The Honourable Mr. Liaquat Ali Khan: It is a tax on income and whatever item covers income-tax will cover this also.

Mr. P. B. Gole: But under which of these items does my Honourable friend want to class this?

The Honourable Mr. Liaquat Ali Khan: To me it is immaterial whether it is item 54 or item 55.

Mr. President: I think this discussion is practically of no use here because, whether it is *ultra vires* of this House or not is a point that will be decided elsewhere, if taken up.

Shri Sri Prakasa: If it is *ultra vires*, Sir you also can give a ruling.

Mr. President: I do not propose to give it. I will err on the side of *intra vires* and will not take the risk of ousting the legislation—the decision will fall more appropriately within the jurisdiction of the courts.

The Honourable Mr. Liaquat Ali Khan: It is not really a sales tax, it is a tax on income which is taken from a certain source. Therefore if my Honourable friend Mr Gole has any doubt about it I have no doubt that either he or some of those who are affected by it will not hesitate to spend some money to have lakhs and lakhs and prove that this Act is *ultra vires* of this legislature.

Then as far as the question of lease, transfer and mortgage is concerned I need not deal with that because my Honourable friend Mr Lall has already discussed that. There was another point raised by my Honourable friend Mr Gole, he asked why we have chosen 1939 as the year for fixing the value of the asset. We fixed that because as I have said on previous occasions, it is during the war years that the value of assets has grown without any effort on the part of the asset-holder. And, as I have said—and I repeat it again—I think the State is perfectly justified in getting a share out of this unearned increment which people have made during these years. Apart from that let me tell the House that this Act will be applicable only to capital gains made from 1946-47. My Honourable friend Mr Ayyangar said—and quite rightly because I entirely agree with him—that we should not confine it only to 1946-47 but should tax all the profits or gains that people have made during the war years. All I can say is that I wish it had been possible for my Honourable friend Mr. Ayyangar to convert Honourable Members of this House to agree to that proposition.

My Honourable friend Mr Ayyangar raised another point and said that we should not do anything under this Bill which would affect industries in any way. As a matter of fact the Bill as it has emerged from the Select Committee has kept that in view, and wherever any machinery is sold with the object of buying other machinery to replace that there is no capital gain charged on it. Therefore we have tried to see that industry does not suffer in any way on account of this tax. But where people have sold their businesses at very large profits I do not see why they should keep the whole of it without the State getting a share of it. So it is not going to affect industrialisation in any way whatever;

it will only affect those who have sold their industries to other people and who have taken advantage of the present depreciation and made very large profits. Those who buy these concerns will not be asked to pay this tax; they are not liable to pay. It is only those who want to get out of this business and who want to make profits on account of the present conditions who will be made liable to pay this tax.

Then, Sir, my Honourable friend, Mr Gole, said that why I am anxious to get this Bill passed when I expect to get only two crores of rupees from it. My Honourable friends cannot have it both ways. They cannot take advantage of my calculations in one instance and take advantage of that experts calculations in another. According to what has been stated on the floor of this House by no less a person than the Honourable Mr Manu Subedar the Government should get 20 crores of rupees, and as I stated at that time nobody would be happier than myself if I can get 20 crores of rupees. As I stated in one of my previous speeches, it is indeed very difficult to make any correct calculation because this is the first time that we are introducing a tax of this kind and unless we have worked this for a couple of years or so, we will not be able to make any correct or nearly correct calculation of the income that we are likely to derive from this source.

Mr. P. B. Gole: Why are we proceeding with so much haste with it?

The Honourable Mr. Liaquat Ali Khan: There is no haste. My Honourable friend has had this Bill for five weeks in his hand and if the Honourable Members of this House cannot realize all the significance and all the fine points in this Bill after five weeks, then I can assure you, Sir, that they will not be able to realize it even after five years. It is not that I introduced the Bill yesterday and I am rushing it through today. The Bill has been very carefully examined in the first instance by the Select Committee, after that it has been examined in an informal conference and as the Bill is before the House today it has gone through very searching examination, but at the same time let me tell the Honourable Members of this House that it has never been my desire, nor I hope it will ever be my desire, to do anything which is not right. I have listened very carefully and very attentively and I greatly appreciate the doubts that have been expressed by the Honourable Members of this House, and it is my intention to appoint a committee of experts to examine this legislation and to recommend to the Government after very thorough and careful examination whether there are any defects in this Act—I hope it will soon become an Act—and what amendments the Government can make to make this Act more effective and easy of administration. I wish to assure the Honourable Members of this House that I shall always be willing to receive any helpful suggestions and I will never turn down any suggestion or any proposal which would improve any piece of legislation or any policy which we may be following. I want to carry with me, as far as it is possible, every section of this House, because I do feel that it is not really the responsibility of any one individual member of the Government or the Government as a whole, but whatever we do in this House every Member of this House should feel and take responsibility for that act of ours, and therefore it would be my earnest endeavour and sincere desire to carry with me, as far as it is possible, every section of this House in every measure that I put before this Assembly.

I do not think there is any other point which needs any answer from me except I think Mr Manu Subedar's point regarding new buildings to be put up in the next three years. If any individual is dealing in buildings, then he will really be paying tax under the Income-tax Act, and therefore let me tell you that he will be paying much more than he would be under this Bill, and therefore his case is not covered by this, and it is only in cases where some people who are not really dealing in buildings as business but who might construct

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one or two houses and want to sell it I think, Sir, that there is every justification that they should pay some of the profit that they make out of this transaction. For one thing it will be because of the assistance that the Government would give in giving permit for building material, and so on and so forth, that any private individual would be able to have any construction made during this difficult period and after having secured all those facilities from the State, I do not see any reason why all the profit that he makes out of that particular transaction should be pocketed by him alone and he should not share some of it with the State.

Shri Sri Prakasa: As this Bill is going to be a permanent measure as my Honourable friend has said, may we take it that this permit system is also going to continue for ever?

The Honourable Mr. Liaquat Ali Khan: I do not think so. I am not saying anything about the permit system, and I do not think either that the present conditions where there are inflated prices of buildings and other materials will also continue, and in the ordinary course I do not think that any one individual will make very large profits by these transactions. These large profits have come because of the conditions, that have been created on account of the war and its aftermath.

Sri T. A. Ramalingam Chettiar (Madras Indian Commerce) Why not confine this Bill to three years?

The Honourable Mr. Liaquat Ali Khan: Why should I confine it to three years? The point is this. Is it fair and right or not that if a man makes any profit on these transactions he should pay some of that profit to the State. That really is the proposition before the House, and as the Bill has emerged from the Select Committee, I do submit that the incidence of tax is very low. For one thing, with regard to the first 15,000 there is no tax, so that all your lower middle and middle class people are excluded from the operations of this tax, because I do not think many people would really make a profit of Rs. 15,000, and after that if anybody makes a profit of Rs. 50,000 then all that he has to pay is one anna in the rupee, and, mind you, even if you make a profit of over 10 lakhs of rupees, all that you pay is five annas or 1/3rd of the rupee. It is not really a capital levy, it is only a tax on the profits which you make by transactions, by exchange or sale or transfer of any capital asset that you may hold.

Then, Sir, as I stated, I have agreed to accept an amendment to exclude personal effects from the operations of this Bill. That will I am sure save people from any unnecessary harassment by the Income-tax Officers as it was pointed out. I do not for a moment agree that the Income-tax Officers are such bad people that they go on doing nothing but harassing people. It is a very difficult office that these poor devils hold, because after working on these taxation measures for over a month they have all my sympathy for trying to collect money from people who really owe it to the State. At the same time, I have agreed to accept an amendment to the effect that personal effects will not come under the purview of this Bill.

Lala Deshbandhu Gupta (Delhi General) May I enquire from the Honourable Member what these personal effects will consist of?

The Honourable Mr. Liaquat Ali Khan: If my Honourable friend had read the amendment notice of which has been given by Mr. Gadgil, he would have known what it consists of. When we consider that amendment we will be able to discuss this matter more fully.

Mr. President: The question is:

"That the Bill further to amend the Indian Income-tax Act, 1922, as Tax Act, 1940, as reported by the Select Committee, be taken into."

The motion was adopted.

Mr. Manu Subedar Sir, I beg to move

"That in part (a) of clause 2 of the Bill, for the proposed clause (4A) of section 2 of the Indian Income-tax Act, 1922, the following be substituted, namely

'(4A) "capital asset" means property of any kind (other than agricultural land) held by an assessee, whether or not connected with his business, profession or vocation but does not include—

- (i) any stock-in-trade, consumable stores or raw materials, held for the purposes of his business, profession or vocation,
- (ii) personal effects that is to say movable property (including wearing apparel, jewellery and furniture) held for personal use by the assessee or any member of his family dependent on him'."

In support of this amendment I do not wish to take much of the time of the House. The difficulties of the income tax administration on one side and the difficulties of the assesseees on the other side clearly indicated that while large business assets and large transactions should come in and pay a part of the gains which the Honourable Member has indicated, it was neither right nor desirable that personal effects of an individual of the type which have been described in this amendment (*viz.*, wearing apparel, furniture, jewellery, etc.) should become the subject matter of this head of income-tax. For one thing millions of assesseees in this country are not maintaining particulars and accounts of these. Government have no means of comparing what there was before and what was added. A double appraisement would necessarily be involved in the operation of the main clauses of this Bill and that double appraisement would create enormous difficulty with regard to the condition and the value of the various items of personal effect. This was pointed out in the Select Committee when we were considering the matter and I am happy that notwithstanding his stern exterior the Finance Member has the wisdom and shrewdness to take in the essence of a suggestion made to him and he has very wisely listened to us, for which I congratulate him and I am sure the members of this House will recognise that it is not due to what certain sections of my friends here (I am sorry Mr. Griffith is not here) call as his weakness but it is due to his strength. He is a strong man who is willing and able to take a suggestion made and to absorb it. It is not due to his weakness, I regard it as his strength that he in his exalted office considers the points made out and responds to public opinion. As he said just now in clear terms (it could not be said in clear terms by any other man holding that office) he will consider both the policy and the details of this measure and it is his effort to take every section of the House and every section of the public outside with him. This amendment therefore makes the administration of this law relatively lighter. It exonerates millions of people from unnecessary worry and anxiety and from having to maintain particulars and proofs and double valuations and it is a sound amendment. I am sure every section of the House will be glad that the Finance Member has accepted this. The amount of money which he might lose by accepting this amendment minus all the worry which the administration would have had will not be so considerable, whereas it would be better to devote the time of the department to the large sections who have made profits during the war, profits in which unearned increment has entered very largely, profits due to inflation and due to conditions outside their own exertions. I commend this amendment to the House.

Mr. President: Amendment moved

"That in part (a) of clause 2 of the Bill, for the proposed clause (4A) of section 2 of the Indian Income tax Act, 1922, the following be substituted, namely.

'(4A) "capital asset" means property of any kind (other than agricultural land) held by an assessee, whether or not connected with his business, profession or vocation, but does not include—

- (i) any stock-in-trade, consumable stores or raw materials, held for the purposes of his business, profession or vocation;

[Mr President]

(ii) personal effects that is to say movable property (including wearing apparel, jewellery and furniture) held for personal use by the assessee or any member of his family dependent on him."

I should like to know whether Mr Gole wishes to move his amendment which is similar to this amendment

Mr. P. B. Gole: I would draw the attention of the Finance Member to my amendment. There I have excluded property held in trust for public or charitable purposes. The Income-tax Act is not quite clear on this point.

Mr. President: There is another amendment by Mr Deshbandhu Gupta, which will come separately. If the Honourable Member restricts himself to that only

Mr. P. B. Gole: In the Income-tax Act incomes from trusts held for charitable or religious purposes are not liable to taxation. It ought to be made clear whether under this new enactment these charitable and religious trusts will be similarly exempt from this taxation. This is not quite clear. Therefore I had given an amendment and also Mr Deshbandhu Gupta has given notice of an amendment.

Mr. President: The Honourable Member does not wish to move amendment No. 5?

Mr. P. B. Gole: No, Sir. But may I point out that I have given notice of another amendment, No. 6 on the list.

Mr. President: That will come as amendment to this amendment.

Lala Deshbandhu Gupta: Sir, I move

"That in part (a) of clause 2 of the Bill, in the proposed clause (4A) of section 2 of the Indian Income-tax Act, 1922, the following be added at the end, namely,

'and properties held in trust for public and charitable purposes' "

Mr. President: Instead of taking it as an amendment to the original clause, I shall take it as an amendment to the amendment. I understand that this amendment has been accepted by the Honourable the Finance Member. So I shall take it as an amendment to the amendment rather than as an independent amendment to the clause. It is purely a point of procedure. As Mr Subedar's amendment is going to be agreed to by the Government is it not better to have Lala Deshbandhu Gupta's amendment as an amendment to the amendment rather than as an amendment to the clause? I shall put it as an amendment to the amendment.

Amendment to the amendment moved

"That the following be added as clause (iii) at the end of Mr Manu Subedar's amendment

'(iii) and properties held in trust for public and charitable purposes' "

Mr. P. B. Gole: I move

"That in Mr Manu Subedar's amendment, after the word 'assessee', the words 'or his predecessor or in interest' be inserted "

Mr. President: Amendment to Amendment moved

"That in Mr Manu Subedar's amendment, after the word 'assessee', the words 'or his predecessor or in interest' be inserted "

I may invite the attention of the Honourable Member to one little change. In his amendment to clause (c) he has put in the words "for public or charitable purposes" while in the amendment of Lala Deshbandhu Gupta the words are "for public and charitable purposes". What is it that is desired?

Lala Deshbandhu Gupta: "or".

Mr. Manu Subedar: The proper wording should be "public charitable purposes". If it is a sectional charity it does not count.

Mr. President: The matter may be considered in the meantime.

Mr. P. B. Gole: Throughout this Bill the word 'assessee' has been used. According to the definition in the Income-tax Act 'assessee' would not include a person to whom an assessee succeeds though I must confess that the amendment which I have proposed may include also the predecessor in title on account of transfer. What I mean is the person to whom the assessee succeeds by inheritance—that is what I want to be conveyed by my amendment. If the wording is not happy I am willing to change it. I would substitute the words 'predecessor in interest' by the words 'a person to whom the assessee succeeds'. My object is that the assessee or his predecessor entitled by succession should always be included. I want to restrict the amendment only to the cases of succession or inheritance. It ought to have been more precise. To be more precise I would suggest for the words 'his predecessor in interest' the words 'a person to whom the assessee succeeds by the law of inheritance'. If the amendment is accepted it would carry out the intentions of the Finance Member. Sir, I move:

"That after the word 'assessee' the words 'or a person to whom the assessee succeeds' be inserted."

Mr. President: The Honourable Member wishes to have the wording changed. I would like to know if the Government is agreeable to his objective.

The Honourable Mr. Liaquat Ali Khan: No.

Mr. President: Then there is no use wasting time.

Mr. P. B. Gole: I want to know why the person to whom the assessee succeeds is not to be tacked on to the assessee. It is all right for the Finance Member to say 'no'. Throughout the word 'assessee' had been used and while I was making my observations in the course of the general discussion I pointed out to you that the property in the possession of the assessee for seven years or more is to be excluded. Suppose the assessee's father died and the assessee succeeded him within those seven years and the assessee sells the property. Then the assessee is not in possession for seven years or more. Although the intention of the Legislature seems to be that the property in possession of an assessee or his father or his uncle, to whomsoever he may succeed, should be excluded from taxation, I do not know why, because he succeeds the father or the uncle and if he sells the property the profits are to be taken into consideration. He might have been in possession for two or three years but his father or uncle might have been in possession of the property for 50 years. If the intention is really to exclude such a property from taxation, then why is it that the Honourable Member is not willing to accept such a suggestion whereby his real intentions would be carried out? It would act as an injustice. In the case of persons who succeed to the property by the law of succession or survivorship they will be liable to the tax as soon as they sell the property. It comes to this that the person must not die for seven years and then only the property will be excluded from taxation. If that is the intention of the Honourable Finance Member then I have nothing to say. I should like to know why the Honourable the Finance Member is not willing to accept the amendment.

Mr. Mannu Subedar: My honourable friend's point would be met and the embarrassment to the Government would be very much less if they accepted the amendment suggested here in the second proviso to clause 6. I think the Government will have no difficulty in accepting the amendment to the second proviso to clause 6—and not here because in clause 2 it would create other complications to which I do not propose to refer just now. But the Honourable

[Mr Manu Subedar]

Member's object would be entirely met if Government could see their way in accepting the alteration in the second proviso to clause 6.

Mr. President: The Honourable Member may well worth consider the point. All that he wants is a continuity of seven years

Mr. P. B. Gole: May I just point out to you that the word 'assessee' has been used in several places?

Mr. President: The Honourable Member will see that the amendment to the present clause would seek to suggest the general definition of capital asset. That is not the objective of the Honourable Member. If that is not his objective, then the proper place will be the second proviso to clause 6

Mr. P. B. Gole: All right, Sir

Mr. President: I take it that the amendment is not pressed by the Honourable Member. He might speak on the old amendment relating to property held in trust for public or charitable purposes. I find in the Income Tax Act the phraseology is "religious or charitable purposes". But this is a point for the Honourable Member and the Finance Member to consider

Lala Deshbandhu Gupta: I do not mind amending that

Sir John Sheehy: (Government of India Nominated Official) I do not think this amendment is necessary. As the Act stands, sub-section (3) of section 1 of the Act exempts any income derived from property held under trust for religious or charitable purposes. Now capital gains are made income by this Act. Therefore capital gains from property held under trust for religious or charitable purposes will be exempt

Mr. President: There is already exemption. This is an amendment to the Income Tax Act. By this amendment capital gains are made a sort of income. I believe that is Item No 6. Therefore the general provision governing the whole of the Income Tax Act will govern this also. If that is the clear statement of law, I do not think there is anything to argue further

Sri S. T. Adityan: (Madurai and Ramanad *cum* Thiruvellay Non-Muhammadan Rural) On a point of information. In the Consolidated List, in the amendment to clause 2 moved by Mr Manu Subedar, in part (ii), the word 'personnel' appears, instead of 'personal'

Mr. President: All these obvious mistakes will be corrected when the law is finally passed. The President has the power to correct such mistakes

I take it that the other two amendments are not pressed and the members who moved them would like to withdraw them. Have Messrs Deshbandhu Gupta and Gole leave to withdraw their amendments

The amendments were by leave of the Assembly withdrawn

Mr. President: Then I shall put the other amendment to the House. The question is

"That in part (a) of clause 2 of the Bill, for the proposed clause (4A) of section 2 of the Indian Income tax Act, 1922, the following be substituted, namely:

'(4A) "capital asset" means property of any kind (other than agricultural land) held by an assessee whether or not connected with his business, profession or vocation, but does not include—

- (i) any stock-in-trade, consumable stores or raw materials, held for the purposes of his business, profession or vocation,
- (ii) personal effects that is to say movable property (including wearing apparel, jewellery and furniture) held for personal use by the assessee or any member of his family dependent on him."

The motion was adopted

Mr. President: The question is:

"That clause 2, as amended, stand part of the Bill."

The motion was adopted

Clause 2, as amended, was added to the Bill.

Clauses 3, 4 and 5 were added to the Bill.

Mr. P. B. Gole: Sir, I move

"That in clause 6 of the Bill, in the proposed section 12B of the Indian Income tax Act, 1922, the words 'exchange or transfer' wherever they occur, be omitted, except from the third proviso to sub-section (1)."

I am not satisfied with the explanation given for the necessity of putting in these words 'exchange or transfer of a capital asset'. My Honourable friend Mr Ayyangar understood the word 'transfer' to mean transfer of an actionable claim. In the case of a transfer of an actionable claim, it is a sale really speaking, although the word 'transfer' may be used but the word 'transfer' here has a wider meaning, as I pointed out. The point is whether it is necessary to include in this legislation exchange or transfer. I pointed out that in the case of exchange it is quite likely that the income-tax officers may call upon the transferor or transferee to submit his statement and he will ascertain the market value of the things exchanged and both of them are likely to be hauled up before the Income-tax officer for paying this capital gains tax. My view is this—that in the case of exchange, there is neither loss nor gain on either side. I do not understand why at this stage exchanges are sought to be roped in for levying this capital gains tax. The Honourable the Finance Member wants this whole tax to be examined by a committee of experts. If that is so, why is the word 'exchange' being introduced now? I would request the Honourable the Finance Member just to exclude this word. The Act should be as free from complication as possible. This Bill has been before them for several weeks and they had ample time to consider this. But we have not been loitering here. We have been fully engaged with other measures and talking personally. I have not that power to master the details of all the Bills that come up. Some Honourable Members may have superhuman powers. Mr Ayyangar is a different man altogether. This is a very important Bill and I have not been able to devote as much time to it as I should have liked to. After all the intention of the Finance Member is to rope in the huge profits made during the war. In the case of exchange, there is no gain or loss and under those circumstances it is not necessary to bring in cases of exchange. If the Honourable Member will kindly look into this and see his way to exclude exchanges and transfers, it would be much better.

Mr. President: Amendment moved

"That in clause 6 of the Bill, in the proposed section 12B of the Indian Income-tax Act, 1922, the words 'exchange or transfer' wherever they occur, be omitted, except from the third proviso to sub-section (1)."

The Honourable Mr. Liaquat Ali Khan: Sir, this matter has already been discussed and I do not think I can add anything more. I am afraid it is not possible for me to accept this amendment.

Sri M. Ananthasayanam Ayyangar: May I ask my Honourable friend

Mr. President: I am afraid the question has already been sufficiently discussed and no further discussion can be allowed.

Mr. P. B. Gole: I beg leave of the House to withdraw the amendment.

The amendment was by leave of the Assembly withdrawn.

Lala Deshbandhu Gupta: Sir, I beg to move.

"That in clause 6 of the Bill, in sub-section (1) of the proposed section 12B of the Indian Income-tax Act, 1922, after the words 'capital asset', the following be inserted, namely

'after deducting such amounts not exceeding ten per cent as the assessee may contribute to public charities including research and educational institutions approved by the Government out of such profits or gains'."

Mr. President: Amendment moved.

"That in clause 6 of the Bill, in sub-section (1) of the proposed section 12B of the Indian Income-tax Act, 1922, after the words 'capital asset', the following be inserted, namely

'after deducting such amounts not exceeding ten per cent as the assessee may contribute to public charities including research and educational institutions approved by the Government out of such profits or gains'."

The Honourable Mr. Liaquat Ali Khan: I will be as brief as my Honourable friend. I am sorry I cannot accept it.

Lala Deshbandhu Gupta: I beg leave of the House to withdraw the amendment.

The amendment was, by leave of the Assembly, withdrawn.

Mr. P. B. Gole: Sir, I move.

"That in clause 6 of the Bill, in the proposed section 12B of the Indian Income-tax Act, 1922, after the word 'assessee' wherever it occurs in the second Proviso to sub-section (1), the words 'or his predecessor in interest' be inserted."

I would like to point out that I am prepared to substitute for the words 'or his predecessor in interest' the words 'or a person to whom the assessee succeeds'. That would convey exactly what I mean.

Mr. President: I am afraid that won't serve the Honourable Member's purpose. I believe the Income-tax Act specially defines succession. The word 'succeed' will not satisfy his requirements. The question is this. As I have understood the difficulty of the Honourable Member, it is this. The Income-tax Act defines 'assessee' and I will just read the definition. "Assessee means a person by whom income-tax is payable." That is the definition of the word 'assessee'. Obviously, the object is that if a person is in possession for a period of 7 years, he should be exempted. But it may as well happen that for the first 5 years his father was in possession and for the subsequent 2 years his son was in possession. So far as the income-tax records go, the assessee, as defined in the Income tax Act would be the son and his father's possession of 5 years may not be computed for the purpose of the 7 years' possession.

The Honourable Mr. Liaquat Ali Khan: That is right.

Mr. President: Is it the idea to exclude that period?

The Honourable Mr. Liaquat Ali Khan: Yes.

Sir Cowasjee Jehangir: If the father owned the property for 5 years and then left it to his son, who then owned it for another 2 years, then the son has owned it for 7 years.

Mr. President: The idea as I thought it to be was that if the property came from father to son by way of inheritance, then the period could be tacked on.

Shri Mohan Lal Saksena (Lucknow Division Non-Muhammadian Rural) I think the House has already accepted this principle in Rent Control Bill.

Mr. President: I am not at present referring to the merits. My impression up till now was that the idea was acceptable to both the parties and the only question was one of improving the language.

The Honourable Mr. Liaquat Ali Khan: This question was thoroughly discussed in the Select Committee. As a matter of fact, after discussing this

question, this was what my Honourable friend Mr. Yamin Khan wanted and the Select Committee rejected that proposal. There is no doubt about it. The intention is quite clear.

Lala Deshbandhu Gupta: Will the Honourable the Finance Member kindly explain as to why the Select Committee rejected it?

Mr. President: Then, let the Honourable Member (Mr. Gole) put his amendment in any form he likes. If it is not going to be accepted, the wording does not matter.

Mr. P. B. Gole: Sir, I would like to substitute for the words 'or his predecessor in interest', the following words.

"or any other person from whom it has come to the assessee by survivorship or inheritance"

Mr. President: May I suggest the following words for the words which the Honourable Member has suggested

"or it has been possessed by the assessee or a person from whom he gets it by bequest inheritance or survivorship"

I think that would serve the purpose of the Honourable Member

Mr. P. B. Gole: I agree, the wording should be changed as suggested by you. I thought the Government was prepared to accept this amendment and it stands to reason also. Of course, I do not know what happened in the Select Committee. Many members of the Congress Party were also in the Select Committee but none of them has given us the reason why those assesseees who succeed to the property and who happen to sell the property should be excluded from the exemption claimed by persons who are in possession for more than 7 years. Really speaking there is no change of possession at all. There is no transfer at all, there is no exchange, no transfer, no sale. But even in those cases simply because a man has the misfortune of inheriting his father's property, he is not to be given the advantage of exemption which is sought to be given to every assessee. I have not been able to follow his reasoning, I must confess. The Finance Member told us that this was discussed threadbare in the Select Committee. I am not able to know from any of Honourable Members who were Members of the Select Committee what were the reasons why they particularly excluded these unfortunate assesseees who inherit property from their fathers. Unless I have some valid explanation, I am not prepared to withdraw my amendment.

Mr. President: I believe the amendment requires some drafting changes. He says, the word 'assessee' wherever it occurs, what he really means is where it occurs a second time.

Amendment moved.

"That in clause 6 of the Bill, in the proposed section 12B of the Indian Income tax Act, 1922 after the word 'assessee' where it occurs in the second Proviso to sub-section (1), the following words shall be added namely, 'or by a person from whom he gets it by bequest, inheritance or survivorship'."

Khan Mohammad Yamin Khan (Agra Division Muhammadan Rural) Sir, of course, I do not want to divulge what took place in the Select Committee except this, that I was myself the mover of this amendment. The Select Committee did not accept my amendment, and result is that it does not find a place in the Bill. I am still of opinion that this amendment should be made. When we take persons who continue to live for seven years in possession of a property, if they suddenly die and if some other persons get it by inheritance and they want to sell then they should not be called upon to pay this tax. People have got no control over their lives or deaths. It is not for the mere pleasure that people die. If a man dies within seven years of being in possession of a property and if his child who continues in possession to complete

[Khan Mohammad Yamin Khan].

seven years is deprived of the same concession on his death unless he pays heavy tax on it, it would be very hard. If the children find the property not worth keeping, they would be forced to keep it continuously for seven years in order to avoid taxation in this respect. I think this is a very equitable amendment. Of course I do not know why the Select committee thought at that time that this amendment should not be allowed. I do hope that the Finance Member will accept this reasonable amendment of Mr Gole. It would be very hard that a son who inherits a property should not be able to sell the property unless he pays the tax. This is not a temporary law. We are making it permanent so that seven years will count in future from any date. So, it must be laid down that a property which is held by the man himself or by his successors who get it through inheritance, in other words, if it is handed down as family property from father to son it should not be liable to this tax. I may further add that it will act as great hardship on the Muslim community. My friend Mr Gole may not be so much affected because the moment he was born he became the owner of his ancestral property. But I was not the owner of property when my father was alive. I became the owner after my father died. It is really hard that anybody who receives through inheritance should be deprived of his right to sell his property for seven years and that he should continue in possession of the same. We Muslims do not get it through survivorship or by will, we become full owners on the death of the deceased who has been holding it. A Joint Hindu family also will be hard hit as far as the share of the father is concerned. Muslim families will be hit harder because they will not alienate the property which they will inherit and will find unsuitable to them. I think Mr Gole's amendment is a very reasonable one and I do hope it will be accepted.

Sir Cowasjee Jehangir: Sir, my Honourable friend the Finance Member introduced the House when he gave the promise that he would be very reasonable.

The Honourable Mr. Liaquat Ali Khan: As far as possible. That is always so, but here it is not possible.

Sir Cowasjee Jehangir: He said he would be reasonable and accept any fair suggestion made by the Opposition. I should not call it 'Opposition', that is a wrong term, I should say his friends on this side of the House. Now, I cannot really understand how this is an unreasonable demand. After perhaps considerable discussion, the Honourable the Finance Member was persuaded to admit the principle already admitted in the American Act that property, not land, mind you, if owned for seven years and then sold should not fall within the mischief of this Act. The logical conclusion and the logical sequence of that would be that if a man owned a property for more than seven years—it may be 50, 60 or 70 years—if he leaves it to his heirs, surely the right that he possesses over that property of not falling within the mischief of this Act would also pass to those who inherit it. They would not be inheriting the property with its full rights, if they did not inherit also the right of not falling within the mischief of this Act. I ask the Honourable Member to consider that point. A property has a certain value, the value is that it can be sold without falling within the mischief of this Act. Then it should be left to his son or to his successor with that extra value, namely, that it cannot fall within the mischief of this Act. It otherwise means that as soon as his successor gets into the shoes of his father or whoever it may be, he must get the property worth less than what it was worth when owned by his predecessor. I think that is not quite fair. I hope the Honourable the Finance Member would look into it from that point of view. It is no use trying to depreciate unnaturally property when it is owned from father to son. That is what he will do if he persists in refusing to accept this amendment. I see there is considerable support for this amendment from all sides of the House. Now, Sir, since the Honourable Member

has given us an undertaking, I will repeat his words—as far as possible—that he will try to meet the views of this side of the House, let him come forward and accept this amendment which is in the opinion of a large section of the House a fair and equitable one.

Mr. Manu Subedar: Sir, the Honourable the Finance Member has to consider with regard to this amendment whether the concession that he gave for continuous possession of seven years with regard to property is or is not to be a really valid concession with regard to such properties which are held in family as my Honourable friend Mr Yamin Khan mentioned. Has my Honourable friend the Finance Member considered fully the effect of all that he has been doing for the past five weeks, the number of shocks he has given? Whereas the business people may recover from the shocks which he has imparted to them it is not so in the case of property owners of this country. The property owners in this country are all conservative sections and those old people who are over 50 and 60 will get the most violent shock out of merely calculating how much their property will be worth now and how much after a few years if it is subject to the tax proposed in this measure. And if it is the intention of Government not to deprive the sons of those weak fathers who on account of shock and the magnitude of the levy may die in the next year or two—when the property has been held continuously for seven years—I feel that this amendment is of a kind which should be accepted. I am not very happy about the words selected. I feel that the natural heirs of a man ought to get it and I am not too keen about the bequest part of it. A bequest may go to some third party, one who is not in the family. On those words I do not think any side of the House will make any difficulties if Government will consider that it is a legitimate extension of the original intention that properties which have remained in one family in continuous possession for seven years will not become the subject-matter of this levy, particularly now when it has been explained and every one has realised it. This realisation is only in this House. I am glad there is no casualty here, but as soon as this realisation spreads throughout the country I have no doubt that a certain number of property owners, in an advanced age and perhaps in an advanced stage of apprehensions may expire. I feel, Sir, that this is worth considering. The natural heirs of a man who succeed to his property which has been in continuous possession deserve the benefit of the concession which Government have given in the second proviso to clause 6. Sir, I support the amendment.

Sri M. Ananthasayanam Ayyangar: Sir, I was really surprised at the interpretation given by the Finance Member. I wish to ask one or two questions and he will consider the answer that he himself will give in relation to the interpretation that he has given in regard to the income-Tax Act to which this is an amendment we will assume there is an assessee to be assessed this year on his income of the previous year. We will assume in this case that it is a Muslim family and the father died at the end of the last year. This year it is no longer there and therefore his income cannot be assessed. His son gets the income this year by way of accumulation. It is not his income in the previous year. Therefore if his interpretation is correct he escapes assessment this year. On the answer to that depends the answer to this.

Secondly, a man is possessed of property for 6½ years. At the end of that period that man passes away leaving minor children. His minor children cannot afford to live in a palace that their father had been keeping and so they sell away that property. Now you want to tax property in the hands of the minor children. Is it a question of prestige that the Select Committee did not approve of this, and therefore the bigger House ought not to approve? What is the object of bringing it before the bigger House if really the Select Committee has decided everything for us? I therefore request the Honourable

[Sri M Ananthasayanam Ayyangar.]

Member to consider this matter, if he thinks he will take some more time I can continue till 5 O'clock I appeal to him that there is a unanimity of feeling on this side of the House and I am sure that if he had been along with us he would have shared the same views.

Mr. P. J. Griffiths (Assam European) Sir, I rise to support this amendment I do not propose to explain the reasons in detail because they have been already set forth very clearly by the Honourable Mover and by Sir Cowasjee Jehangur I want to make it clear that we in this group agree with this amendment and the fact is that on this matter there is unanimity among all the non-official sections of this House

Shri Mohan Lal Saksena: Sir, I also happened to be a member of the Select Committee and unfortunately my impression was that these persons were provided for As a matter of fact I had a talk with Pundit Thakurdas Bhargava and I realise! that it was not properly drafted But I am now told that this had been discussed threadbare, I do not know who were the persons who opposed it But if we had known we would have brought it out in our minute of dissent Anyway we know that this House has already accepted this principle in the Rent Control Bill There we have provided for eviction by land lords subject to the condition that only those landlords who had acquired possession before a certain date were entitled to evict tenants, but we have also provided that that also included persons who were not in possession before that date if their predecessor in interest was in possession of the house he could also evict the tenant So I think so far as the House is concerned it is committed to this principle that wherever the person actually in possession is concerned, we also take into account the person who was in possession before him, that is, either the father or uncle or some other predecessor in interest

One thing more to be considered is this Generally in case of such house property when it devolves upon a person it is mostly to meet the debts of the person who has died that the property is parted with And if you impose this tax it would certainly be a distress tax and not a capital gains tax because the person would be parting with property not to make any gains but because he has no other alternative In most cases after the death of the father or any one else from whom one inherits property one has to dispose of property in order to pay off the debts Just now I had a talk with the Finance Member and he said that he should continue in possession for seven years and evade the tax Certainly he would do that if he could But we have to provide for hard cases where they cannot help disposing of the property Again we know there is the Estate Duty Bill pending And if that is enforced, and this is also going to be a permanent measure, this man may be taxed twice Therefore taking all these into consideration and also in view of the feeling among all sections of the House I think this should be reconsidered The Finance Member said that he was always prepared to consider the feelings of the House notwithstanding his personal views I therefore hope he will see his way to accept this amendment and I hope it will not mean a large financial loss to him

Sgt. N. V. Gadgil: Sir, I only want to make an appeal to the Finance Member who in reply to the general debate stated that he shared responsibility with every Member of this House

The Honourable Mr. Liaquat Ali Khan: I beg to withdraw that assurance.

Sgt. N. V. Gadgil: The House will not grant him leave to withdraw

Now he has seen two things Those who were members of the Select Committee stated that this was exactly what was understood to be the position.

But that is a question of fact of which at least I have no knowledge. But in this House in the course of discussion on this particular amendment it seems to be the unanimous feeling of the House that it is not only reasonable and logical but also just. If I am told that the acceptance of this amendment would make a lot of difference financially, that is something worth considering. If my Honourable friend thinks that this is a point which requires further consideration I will not object to that, he may consider it when the Bill goes to the Upper House. Or if he thinks that he requires still more time he may refer the matter to the expert committee that he proposes. But I would appeal to him that in view of the unanimous wish of this House he will accept the amendment and prove once more that he is not only reasonable but always inclined to accept the popular wish.

Sri S. T. Adityan: The question as to how far the heirs of the person who has died should be made liable to pay income-tax has already arisen.

Mr. President: I would suggest another argument. The real point is that property is passing from one to other without any consideration and if this amendment is not accepted the anomaly seems to be that tax is being levied though no consideration has.

Sri S. T. Adityan: I was only going to point out, Sir, that some such consideration arose when Section 24B of the Income-tax Act was passed. Formerly, Sir, when a person earned an income and died then there was no

4 P M procedure to charge the son. Such considerations do arise because, as the Chair has pointed out, this is not a transfer, at all, it is a mere question of procedure. When a person dies and his heirs succeed, there is absolutely no transfer, there is absolutely no passing of consideration, it is a mere question of procedure which we find in every Act that we have passed. In the Civil Procedure Code, and in fact in every conceivable Act, we have such a procedure. In fact according to law the same person continues, only the procedural difference is there, not any substantial difference—that is the general principle, and I submit that this general principle is accepted also in this Act—section 24B. What we claim is that Section 24B may not be applicable to a case like this, and therefore the same may be extended to this case also.

The Honourable Mr. Liaquat Ali Khan: I am afraid my Honourable friends are really taking an undue advantage of my good nature. Let me point out, Sir, that this matter was considered in the Select Committee and was thoroughly examined. My Honourable friend, Mr. Saksena, said that he did not know how it came and who opposed it. How could he know when he was busy all the time drafting his Minute of Dissent and not paying any attention to what was happening in the Select Committee. But any how I have rather a kind heart unfortunately and I am willing to make a certain change because I am afraid I cannot go to the length which is embodied in this amendment. I am prepared to accept this amendment that in fifth line after the word 'assess—' or a parent of his' may be inserted.

Shri Sri Prakasa: Who is a parent?

The Honourable Mr. Liaquat Ali Khan: Mother or father.

Sir Cawasjee Jehangir: Adopted or natural parent?

Mr. President: That will be a matter for the Court to interpret.

An Honourable Member: Also grandfather?

Mr. President: Grandparents will be included in parents.

The Honourable Mr. Liaquat Ali Khan: I am prepared to accept that. But here I would like to point out one thing. Honourable Members of this House

[Mr. Liaquat Ali Khan.]

have been pressing me to bring forward the Death Duty Bill, but the concern they are showing for the descendants does not really encourage me to come forward with that Bill. If this is the feeling that even in the case of capital gains, where a man makes a profit and a large profit on account of the conditions prevailing at the moment, should not be charged a light tax, then I do not know how this House would feel if out of that capital a portion had to be taken by the State.

Sjt. N. V. Gadgil: Because I do not think it is equitable.

The Honourable Mr. Liaquat Ali Khan: My Honourable friend, Mr. Gadgil, says I do not think it equitable at all. Any how I do not wish to argue this point although I feel that logically I am on very strong ground, but sentimentally I feel that I should accept what my Honourable friends of this House have suggested, and I am prepared to accept the change.

Mr. President: A separate amendment may be moved.

Mr. Shavax A. Lal: Sir, with your permission, I move
 "That in Clause 6 of the Bill, in the proposed Section 12B of the Indian Income tax Act, 1922, after the word 'assessee' where it occurs for the second time in the second proviso to sub-section (1) the following words be inserted, namely
 'or a parent of his' "

Mr. President: Amendment moved.

"That in Clause 6 of the Bill, in the proposed Section 12B of the Indian Income tax Act, 1922, after the word 'assessee' where it occurs for the second time in the second proviso to sub-section (1) the following words be inserted, namely
 'or a parent of his' "

Mr. P. B. Gole: Although I am not convinced at all, but in view of the concession shown by the Honourable the Finance Member and believing in the saying that something is better than nothing, I beg leave of the House to withdraw my amendment.

The amendment was, by leave of the Assembly, withdrawn.

Mr. President: The question is

"That in Clause 6 of the Bill, in the proposed Section 12B of the Indian Income tax Act, 1922, after the word 'assessee' where it occurs for the second time in the second proviso to sub-section (1) the following words be inserted, namely
 'or a parent of his' "

The motion was adopted.

[At this stage Mr. President vacated the chair, which was then occupied by Mr. Deputy President (Khan Mohammad Yamin Khan)]

Sir Cowasjee Jehangir: Sir, I beg to move

"That in clause 6 of the Bill, in the second proviso to sub-section (1) of the proposed section 12B of the Indian Income tax, Act, 1922, the words and figure 'being property the income of which is chargeable under section 9 and' be omitted "

This is an amendment which will go far to meet the criticisms that have been offered against this Bill all over the country.

The Honourable Mr. Liaquat Ali Khan: Only by interested people.

Sir Cowasjee Jehangir: So far as the Honourable the Finance Member is concerned everybody who has anything to say against any of his proposals are interested parties, and he is the only disinterested party in this House.

Shri Sri Prakasa: He is only interested in collecting taxes.

Sir Cowasjee Jehangir: Let me tell you that there are many other disinterested parties in this country who can also express an opinion, and let me

tell you that there is one large class of people who have been left out of this legislation altogether—landed proprietors. There are certain landholders under the Central Government. However, I do not want to go into that question. Since interested parties were mentioned, I only brought that out to remind my Honourable friend.

The Honourable Mr. Liaquat Ali Khan: How are the landholders left out of this tax, I would like to know?

Sir Cowasjee Jehangir: All agricultural land is left out. There is a large section of people who have made large profits during this war. Their incomes have risen by leaps and bounds in some parts of India and they have not been affected by one rupee by any of the direct taxes that have been levied during this session of the Assembly. Not one rupee of theirs has been touched. It is a notorious fact that they have benefited more than any other class of people in India. I do not grudge them the benefits that they have derived. I shall be sorry to see a class of people who have served their country well in the past hurt or injured in any way.

Coming to this amendment, in short it means that all assets that fall within the mischief of this Bill, which had been owned for seven years by the assessee shall not be taxed on the profits made. It is carrying the amendment accepted by the Finance Member through the instrumentality of the Select Committee a good deal further. He applies it merely to landed property. I want it to apply to all classes of asset, that fall within the mischief of this Bill. As has been said so often in this House this is an Act which has been taken from America. In America all assets owned for four years are not taxed. Here for properties it has been extended to 7 years. That is more severe than the American Act. There has been no explanation given to us up till now as to why this precaution taken in the American Act has not been embodied in this Bill. Surely they had very good reason for having such a provision in the American Act. That is why, Mr. Deputy President, some of us want an investigation or an enquiry by qualified persons before this tax is levied. The Finance Member has now stated that he is going to have an inquiry into the incidence and repercussions

The Honourable Mr. Liaquat Ali Khan: Not repercussions.

Sir Cowasjee Jehangir: Then inquiry into what?

The Honourable Mr. Liaquat Ali Khan: Into the effects of this legislation. There are no repercussions.

Mr. P. J. Griffiths: The repercussions are so obvious.

Sir Cowasjee Jehangir: As my friend Mr. Griffiths says they are so obvious they do not want any investigation, they are so obvious that the consequence will be felt all over the country. The investigation will have to take that line

The Honourable Mr. Liaquat Ali Khan: No.

Sir Cowasjee Jehangir: Then what is the investigation going to be, may I ask? If the investigation is not going, investigate the incidence and repercussions of this tax, how it will hurt the industries of this country.

The Honourable Mr. Liaquat Ali Khan: It will not hurt.

Sir Cowasjee Jehangir: What then is your investigation worth? It is worth nothing at all. You may as well throw the report into the waste paper basket. Let us be frank. We want an investigation. That will show not only the defects of this Act but it will also show the harm it will do. That is what we want.....

The Honourable Mr. Liaquat Ali Khan: It will do no harm

Sir Gowdasjee Jehangir: It may be that his constitution is such that he cannot see the defects. It might be that there are other reasons why he cannot see the defects. But we want this investigation not by the members of this House nor by a Select Committee. We want the investigation by men of experience and knowledge, who can examine this legislation in all its aspects. That has been conceded and I am glad that it has been conceded. But it is putting the cart before the horse. In all countries an enquiry has always preceded taxation and it has been the case in India as well. Taxation of this character has been preceded by a wide enquiry by men of knowledge and experience. But we are having the taxation before the enquiry. You have got to take things as they are. We have to learn by experience and I am quite prepared to suffer for the experience to be gained by the Treasury Benches. It is inevitable and we must take it with a smile and willingly. But let the mistakes be honest and *bona fide*. To say that we have had five weeks to study this Bill is rather exaggerating the position. You may give us five years to study the Bill yet we may not be capable of studying it.

The Honourable Mr. Liaquat Ali Khan: I know that!

Sir Gowdasjee Jehangir: That is exactly why we want an enquiry a proper enquiry by men of experience, men who have seen the ups and downs of industry and trade in this country.

One of the safeguards in the American Act is the safeguard I am now demanding and if that is conceded I agree that an enquiry after the Bill is passed may be of some use. If you take the Bill as it stands, with all its defects without any of the good points in the American Act, you are not doing justice to yourself or the country. Is it not a fact that this legislation has been brought before the House without a proper investigation? Can there be any doubt about that? There are defects in the wording of this Bill throughout, which cannot be remedied under the present conditions. I fully realise the constitution under which we are working and it is useless to try to remedy the defective wording of the sections. Let them go. But where a fundamental principle is involved I urge that it should be remedied.

There is another aspect of the case which has not been properly discussed in this House and that is the aspect of inflation and I would like Honourable Members and the Finance Member to devote a little time to the consideration of this point. Is the rupee today worth what it was before the war broke out? If you are to value an article in 1939 and value it today purely by the rupee, the difference of its value today in rupees is not a correct valuation? What was the buying power of the rupee in 1939 and what is it in 1947? If an article was worth Rs. 1,000 in 1939, it may be worth Rs. 3,000 or 4,000 today. There are many who will argue that the value has not increased. The value may have increased in rupees but the buying power of the rupee having decreased it may well be that the increase in value in rupees is a decrease in the real value of assets. I can give instances but still that point of view has not been taken into consideration at all. When you are going to take a part of the profit which is really no profit, it is not just. When you want to compare values of 1939 and 1947 you have laid down no rules or conditions under which those values can be compared. As I said before and I will repeat it again, an article worth Rs. 1,000 in 1939 which is worth Rs. 3,000 or 4,000 in 1947 may be of equal value and there has been no increase in real value during that period.

There is another point that I would like to bring forward. The Honourable Member is quite right when he desires to get a share of the profit from the speculator who bought and sold during the war and made big profits. But what about the man who has held assets for years and years, who has suffered

loss on those assets and lost interest on them? When he gets a chance and sells them Government pounces upon him and wants a share of the profits while not paying one rupee for the losses he has incurred in the years past. That is the point that is forgotten. By the amendment that I have moved none of these speculators will get off. The Honourable Member will get his share of the profits from those speculators. By my amendment anything that is bought after 1940 and sold will fall within the purview of this Bill. Anything that is bought before 1940, that is to say, bought *bona fide* before the war broke out, for the purpose of investment, and that is then sold, will not fall within its purview. Therefore I suggest that my amendment is a perfectly equitable one and will meet all criticism and follow a precedent which the Honourable Member has tried to follow in this Bill—the precedent in America. Let him follow it completely and then let us have this investigation. Nobody is against his getting his share of the profits from speculators. But the trouble is his attempt to get a part of the profits from the *bona fide* investor who has invested his money in property or in any other asset long before the war broke out. That is the point. I claim by this amendment that the speculator will still be caught. The man who has bought after 1940 and sold and made his profit will be caught. But the man who has bought before 1940 and then takes his opportunity of selling will escape. That is the American precedent. If you want to follow a precedent from a far off country of which we have no experience, at least I urge that the safeguards included in the legislation of that country should be included in our legislation, the more so when you are to have an investigation into the incidence and the repercussions of this tax. I would strongly urge the acceptance of my amendment in this or in any other form that the Finance Member may suggest. Something of this principle should be introduced. That will meet with a good deal of the criticism and will not mean much loss of revenue, because the largest part of the revenue he is getting is from the assets bought after 1940 and sold. That is the largest part of revenue he is going to get. He will let off the *bona fide* investor. That is what it will be. And that will be the right honourable and just thing to do. I urge my amendment for the acceptance of this honourable House and the Honourable the Finance Member.

Mr. Deputy President: Amendment moved.

"That in clause 6 of the Bill, in the second proviso to sub section (1) of the proposed section 12B of the Indian Income-tax, Act, 1922, the words and figure being properly the income of which is chargeable under section 9 and' be omitted."

Mr. Manu Subedar: We are prone to be carried away first of all by the deficit in the Government of India, then there were large, spectacular transactions which have taken place in the field of industry, and lastly the Honourable the Finance Member has pleaded that certain people have benefited by the war and therefore they should come in. Therefore as an emergency legislation the attitude taken by Government is, and must be, regarded as correct, and it has the full support of all of us. Yet I would like to advert to the very important point of principle which my Honourable friend Sir Cowasjee Jehangir has raised. I do not see any significance in my supporting or not supporting his amendment. We know the fate of his amendment. But I do wish to mention that, as he said, when you take a piece of law from another country in which capital gains and capital turnover is very much quicker than in this rather ancient country of ours, you must not altogether ignore the experience which those people had in their country; since they instituted the capital gains as one of the heads of income-tax in the U S A what are the different kinds of difficulties which they ran up against and what are the different amendments to their own law which they made, what was their objective and to what extent have they succeeded in realising that objective. These are points which we must study. The House will remember that in the Bill, as it was brought by Government in the first instance, there was this very important feature with regard to gains which arise in a short period and gains which arise in a long period. This distinction, on

[Mr. Manu Subedar.]

a. count of the substantial modifications which the Honourable the Finance Minister made, he has abolished, mainly in the interest of simplicity and quicker administration. As I was saying while we are all reconciled to this law in the form in which it is now, and while the House will undoubtedly pass it in due course, I feel that the basic principle which must be kept in mind and which Government should specifically put by way of reference to the Commission which is going to look into this matter, is with regard to a distinction to be made between those who own and continue to own capital assets merely for holding it as a store of value, merely for use, and those others who acquire something today, see a profitable market, dispose it of tomorrow, then get something else. There is a distinction between the two. In the latter case it is a kind of income which a man makes spread over, let us say, a period of three years. But in the first case the thing is held by the family, by an individual, as a permanent asset and is only sold, as I said on a previous occasion, when there is distress, when there is need in the family. That distinction is very real and the Honourable the Finance Minister has already, in conceding the second proviso to clause 6, conceded the gravamen and the utility of this principle. He has confined it only to one class of property, namely residential property which is the subject matter of section 9 of the Income-tax Act.

On this I want to detain the House for two minutes. Section 9 of the Income-tax Act deals with property from which rent arises and it gives to the owner of such property certain expenses by way of repairs which are very fixed, which have no reference to the actual cost, which may exceed it. In that particular section they have been very strict to those who merely own land as such. They regard income from land as ground rent. Is it necessary to penalise the holders of land with regard to a new head under the Income-tax law which you are now creating? Is it necessary to deprive them of the benefit which you are giving to the residential properties for a period of 7 years, and to say 'because you have merely held land therefore you will be deprived'? Take the other case where it is not merely land. Suppose there is a very small house on a very large plot. The first part of the property comes under section 9. Yet on that extensive plot a man might build another ten houses or make up further plots and cut it up and sell the land as such. Yet he does not come within the levy here. Therefore, Sir, I say that this is a hastily conceived measure to meet the immediate needs of our country in a heavy deficit and we have to consider the effect of a war period. But it is not the war period which will be for ever. If this measure remains permanently, I plead that it is extremely necessary to say that all these minutia which I was mentioning have to be considered and every class of holder of permanent and capital asset has to be provided for. The Honourable the Finance Member said this morning with regard to houses which may come into existence hereafter. He said—if a man had a new house and sold it, why should not the State tax it. Quite right. Put in those words, I have not the slightest objection and everybody will agree that the man has made a profit. Now the question whether this affects the flow of capital into house building or not. You have to consider whether the motive for more house building will be affected or not. If you destroy the motive, there will be fewer houses and the fact that there will be fewer houses is a fact of very great social significance. Society as a whole requires more accommodation today and it is a policy which Government have already declared that they will help. If they are going to help this, then this particular provision which does not make any exemption for that class of asset is a very defective one. It is in this light that I feel that what one hand of the Government does the other hand should not undo and *vice versa*. This is a new Government and the Treasury Bench occupants are ministers having full support from us and they are also new and they have been overwhelmed in this first year of their office with an enormous number of problems which are the aftermath of the war and due to readjustment of war to peace and yet this measure which will be a continuous feature of the tax system of this

country, in whatever form it goes through in this House, will need improvements. I am sure the Honourable the Finance Member also recognises this on his side and in order that the Act can remain on the Statute Book without injustice and without social harm I trust that this inquiry will be made and that the features which I am mentioning will receive the attention they deserve.

Shri Sri Prakasa: Sir, I think it is high time that some one took his courage in both his hands and gave a few elementary lessons in Political Science to the Honourable occupants of the Treasury Benches. From the speeches—and they have been many—that the Honourable the Finance Member has delivered in the course of the debates on this Bill, I have come to the conclusion that he has three cardinal principles. One is that the only purpose of Government is to collect taxes and to get them by whatever means, fair or foul, and that as regards everything else it is the duty of the people to look after themselves, and thirdly that if any one has the temerity to differ from him he must be an interested person.

Now, I want to tell him that the first principle of democracy is that all interested peoples must be gathered together in order that they may be able to pool their interests and to tell every one how a particular measure hurts. It is no good telling me you are interested and therefore your opinions have no value. I strongly protest against this attitude of the Honourable the Finance Member. I am an interested party. That is why I am here and I have been sent to this House because I represent people who are interested. The election law itself says that persons who give so much in tax, so much in revenue and so much in this and that ought to be voters and can be candidates. They are all interested. So I am interested and here I am in order to ventilate the interests of those who have sent me here. It is no good my Honourable friend telling me, 'you are interested, therefore I am not going to listen to you'. He has got to listen. Then Sir, he also said that law and order was no concern of the Government.

The Honourable Mr. Laquat Ali Khan: When did I say that?

Shri Sri Prakasa: It was the concern of the people themselves. Everything that we need or want must be looked after by ourselves. Our only business is to pay taxes and to keep quiet. If anything goes wrong, we are to blame and Government has no hand in that. It is no duty of the Government to correct the wrongs that are being done. That means to say that persons who are not in Government employ have to look after their own professions and have also to fulfil all the functions of Government. Then I do not know why we need a Government at all. Government, I took it, was there in order to fulfil definite functions, and in order to enable it to fulfil those definite functions, we are expected to pay certain taxes, and when we have paid those taxes we have every reason to expect it to fulfil its duty. It is not for me to wake all day in order to fulfil my professional duties and then wake all night in order to prevent my property from being looted. I do my professional duty all day. I earn something. Out of that earning I pay a certain proportion to the Government in order that Government shall wake all night and see that I am not looted. Now, the Honourable Member turns round and says "That is not my business. My business is only this 'You have earned so much in the day time. You pay so much out of it, and then wake all the night and see that your property is not looted. If it is looted you yourself are to blame'". If that is the attitude of the Honourable Member and if he represents the views of his colleagues, then I do not think we have made much progress during recent years.

Mr. Deputy President: Will the Honourable Member speak on the amendment?

Shri Sri Prakasa: I am supporting my Honourable friend Sir Cowasjee Jehangir, because Sir Cowasjee Jehangir seeks definitely to reduce the amount

[Shri Sri Prakasa.]

of money that the Honourable Member seeks to grab, and because the Honourable Member had the temerity to attack Sir Cowasjee Jehangir on the plea that he was interested, I am going to give it back to him.

The Honourable Mr. Liaquat Ali Khan: I am also going to speak on this

Shri Sri Prakasa: Then I will have another chance to speak. The Honourable Member should not forget that there are other amendments on the Order Paper and there is the third reading of the Bill.

The Honourable Mr. Liaquat Ali Khan: I know that I have been too much of a gentleman.

Shri Sri Prakasa: If the Honourable Member means that he is the only gentleman, he is mistaken.

The Honourable Mr. Liaquat Ali Khan: Far from it.

Mr. Siddiq Ali Khan (Central Provinces and Berar Muhammadan) Don't be so serious, Sri Prakasa!

Shri Sri Prakasa: I will not dilate any further. I will congratulate the Honourable Member on having the powerful support of many persons here who should be in the opposition, but I should beg him to continue to be the gentleman that he has always been and not to attack those who happen to differ from him on the ground that the other people are interested because then that argument may cut both ways. There may be many occasions when they may be inclined to throw back the argument and say to him 'you are interested and therefore you say this. You are interested in taxes and therefore you are doing this', and so on without end. I think we can all take a detached view of things and work for the common good. I think it is time that we took a reasonable view of things and forebore from saying what hurts. Sir, I strongly support my Honourable friend Sir Cowasjee Jehangir.

The Honourable Mr. Liaquat Ali Khan: Mr Deputy President, first of all, let me say a few words about the remarks of my Honourable friend Mr Sri Prakasa. He said that I called Sir Cowasjee Jehangir as an interested person. Either he was not paying any attention or he misunderstood my remarks. I have been in Legislatures too long not to know what is parliamentary decorum. When Sir Cowasjee Jehangir was saying that there is a great howl in the country and so on, I said "Yes, by the interested people." I did not say that my Honourable friend Sir Cowasjee Jehangir was interested and even if he is or he had been, I would not say that on the floor of the House. Now, Sir, my Honourable friend Mr Sri Prakasa has said that he is representing the views of the people who have sent him here. I challenge that statement of his because not even a fraction of those people who have sent him here are going to be affected by this tax. Has he taken the trouble

Shri Sri Prakasa: May I interrupt my Honourable friend on a personal explanation? I did not say that I was expressing the views of those people. What I said was that these people were also interested in something. Everybody who is a voter is interested in this, in something or other, and therefore his views are expressed here. It is no use throwing out a challenge of that sort and say that because they are interested, therefore they should not be heard here. I was not referring to this particular matter.

The Honourable Mr. Liaquat Ali Khan: Now, let me point out to my Honourable friend and the other Honourable Members of the House. Have they really calculated as to what would be the number of the population in this country that will be affected by this tax? I have been hearing this argument day in, day out that there is a large section of the population against this tax and the whole

economic life of the country is going to be ruined because of this tax. I would like to point out to the Honourable Members of this House that not even 0001 per cent of the population of this country will be affected by this.

Sir Cowasjee Jehangir: Indirectly, large number of people will be affected by this.

The Honourable Mr. Liaquat Ali Khan: My Honourable friend says that indirectly large number of people will be affected by this. I know this cry that the production will stop, millions of labourers will be thrown out of employment, because a few these blood suckers, who have been living on the earnings of the poor and the labourers, are going to pay a little of this unearned income, which they have amassed through no effort of their own, but through the sacrifices which the poor people of this country have suffered and through the loss of millions and millions of lives in this country because of the inflationary conditions. I am tired of listening to this argument. Every time it is stated that this tax is going to ruin the industry and this tax is going to throw out millions of people out of employment. This is a howl that has been raised by a certain section of the people. I know that a vast majority of my countrymen are with me with regard to these proposals. I know that 99.9 per cent of the population of this country is behind me with regard to these proposals which I have placed before this Honourable House.

Sir Cowasjee Jehangir: Question.

The Honourable Mr. Liaquat Ali Khan: My Honourable friend Sir Cowasjee Jehangir says, 'Question'. I cannot show light to those who are born blind, I cannot convert those who refuse to be converted, and I cannot convince those who have no mind of their own. (*An Honourable Member:* You have not given any arguments in support of your proposals.) My Honourable friend says I did not give arguments. What arguments does he want? For one month there has been nothing but argument and argument about this. I have said it from the very beginning that the object of my tax is that all those people who have made money, not because of any effort on their part but because of this unearned increment, I feel and I justifiably feel that the State is entitled to take a little share out of that. Is that proposition challenged by any Honourable Member of this House? Is that proposition challenged by any one in this country? Apart from that, let me tell you that the Bill, as it is today before the House, does not affect really a very large section of even moneyed people. What is the tax when you come to examine it? If anybody makes a gain of Rs. 50,000, he will pay one anna in the rupee.

Sir Cowasjee Jehangir: The amendment is that a class of persons who have got assets 7 years ago should not be taxed. Nobody has contended that his blood-suckers.

The Honourable Mr. Liaquat Ali Khan: I cannot allow my Honourable friend to continue his speech. He has already had his chance and he can speak on the next amendment. I know what my Honourable friend's amendment is. It is not a new proposition and it has not been placed before the House for the first time. We have considered this proposition and we have excluded certain kind of capital assets, and if there is anybody who has held assets, he has got the right to claim the value that it was in 1939. What I want to know is this. Why should he pocket all the gain that has come about not because of any effort on his part but because of certain conditions that have been created in the country, conditions that have caused great misery to millions of people in this country. I want a straight answer to that question. He is always entitled to have the value which it was in 1939. (*An Honourable Member:* What about deflation?) There has been no deflation since 1939.

Shri Sri Prakasa: Why did the Government permit those conditions?

The Honourable Mr. Liaquat Ali Khan: I cannot answer for the Government's that were there before we came in. How can my Honourable friend expect me to answer a question about the conditions for which I am not responsible. (As Honourable Member Tax them) I am trying to tax, but you won't allow me to do that.

Mr. P. B. Gole: What are the data before the Government determining the values in January 1939?

The Honourable Mr. Liaquat Ali Khan: As far as that goes, it will be the assessee who will produce evidence as to what the value was in 1939. What are the data that my Honourable friend wants? What was the value of a share in 1939?

Mr. P. B. Gole: I am referring to the value of house property.

The Honourable Mr. Liaquat Ali Khan: As far as the house property is concerned, it is excluded. What other property is there? Let me tell you that my Honourable friend Mr. Manu Subedar talked about land and I think some other Members also did so. I know of certain conditions in this country and now I really put it fairly and squarely to the Honourable Members of this House. I know of certain plots of land which were bought by people at Rs. 20 a yard in 1938, 1939 or 1940 in this very city of Delhi. These plots of land are being sold and have been sold for as much as Rs. 150 to Rs. 200 a yard. Now, is it contended that the Government is not entitled to take any share out of this unearned income. Apart from that, this Bill has been confined only to one year and that is 1946-47. I am not quite sure whether we will be able to get anything out of these people. But I feel that all the profits that were made during the war should have really been taxable. But anyhow that is not the proposition which is before Honourable Members of this House. Now, Sir, there is another thing. This is really a strange world, because I have said that it is my intention to appoint a Committee of experts to examine it, that argument is being used against me that this measure was hastily conceived and hastily executed. It is really most extraordinary, I feel very sorry that if I tried to meet something it does not mean that the measure as it is before the Assembly today is very defective or is most defective. I am not one of those who believe that a person is infallible, only fools can believe that. I believe there is room for improvement in every measure, and especially a measure which is being introduced in this country for the first time. So, therefore, it is no argument that because I have agreed to appoint a committee of experts to examine and see what improvements can be made in our legislation, what improvements can be made to see that we are able to realise the taxes to the fullest extent, that there is some defect in this proposal which is before the House.

Then, Sir, I am sorry my Honourable friend Shri Sri Prakasa should have misrepresented what I said. He said that I said that it was not the duty of the Government to maintain law and order. I do not know from where he heard it. All that I said was that it was the duty of every citizen to assist the Government in maintaining law and order which is quite different from saying that it was not the duty of the Government to maintain law and order. Then after that I amplified my remarks by saying that it is impossible for any Government in the world to provide a policeman for every citizen. Therefore, every one has got to assist to the best of his ability in maintaining law and order. My Honourable friend Shri Sri Prakasa said that I said that it was not the duty of the Government to maintain law and order. I do not know whether he heard me correctly or whether in his excitement, he just wanted to have a point scored against me, when he made that statement.

Now, Sir, there is nothing more that I have to say except this that I am sorry I cannot accept the amendment which has been moved by my Honourable friend Sir Cowasjee Jehangir. I wish to assure Sir Cowasjee Jehangir that he misunderstood me, that I did not say that he was interested, as a matter of fact when he said there were large sections of people in the country. I said they are interested persons. I still say that all this howl that is being raised outside this legislature in the name of the masses and the millions of people in this country is a howl that is being raised by interested persons.

Lala Deshbandhu Gupta: The Honourable Member has pointed out some cases in which the value of some plots of land appreciated from Rs. 20 per sq. yard to Rs. 120 or more, but may I know if it is within his knowledge that in the province of Delhi agricultural land was purchased by many well placed persons and it has also appreciated two to three hundred per cent during the last few years, but they will all escape the tax that he is proposing now.

Sir Cowasjee Jehangir: Hear, hear.

The Honourable Mr. Liaquat Ali Khan: That is another point. I hear that my Honourable friend Sir Cowasjee Jehangir is 'hear, hearing' it. All that I can say is that as far as I am concerned, because I find that in all this reference to agricultural income and about the income of landlords, there is an assumption, I will offer Sir Cowasjee Jehangir all my landed property at the 1939 value.

Sjt. N. V. Gadgil: Because of the Tenancy Act in U. P.

The Honourable Mr. Liaquat Ali Khan: Not only to my Honourable friend Sir Cowasjee Jehangir but to anybody here. Here is an offer. My Honourable friend referred to agricultural land, but agricultural land as Honourable Members know is a provincial subject, and this is central legislation and the Centre cannot legislate for that.

Lala Deshbandhu Gupta: I am talking of the centrally administered areas.

The Honourable Mr. Liaquat Ali Khan: If it is with regard to income-tax Act, you have got only one principle that applies to every person. I wish to assure Honourable Members of this House that it is not a question that I want to exclude agricultural land, but I could not include it and if I could, I would have been the first to have included it.

Mr. Deputy President: The question is

"That in clause 6 of the Bill, in the second proviso to sub-section (1) of the proposed section 12B of the Indian Income-tax Act, 1922, the words and figure 'being property the income of which is chargeable under section 9 and' be omitted."

The motion was negatived.

Sardar Sampuran Singh (West Punjab Sikh): Sir, I move

"That in clause 6 of the Bill, in the second proviso to sub-section (1) of the proposed section 12B of the Indian Income-tax Act, 1922, the following new proviso be inserted, namely

'Provided further that the tax shall not be payable by an assessee in respect of any profits or gains arising from the sale, exchange or transfer of a capital asset when such capital asset is sold or transferred under distress and its sale money goes to the payment—

(a) of old debts,

(b) to the creditor with whom such assets were already mortgaged or pledged' "

Sir, I do not hold any brief for the rich, nor do I want to support Government contractors and speculators who amassed large fortunes during this period. But I certainly feel for the small people with small capital which in some cases they may have supplemented by raising loan from other people and bought small houses for their own residence and on account of necessity and hard times through which we all are passing and they were obliged to part with that property. It may be a small house, or it may be a small piece of land within the

[Sardar Sampuran Singh]

precincts of the town or it may be some other property which they acquired. If we tax such people, they will be hit hard because they have not derived any benefit out of that property. It has all gone in the way of payment of interest on capital which they raised or for expenses which they incurred during that period. I think such property which was bought by raising loan and on which people have really made no profit ought to be exempt from taxation.

Mr. Deputy President: Amendment moved.

"That in clause 6 of the Bill, after the second proviso to sub-section (1) of the proposed section 12B of the Indian Income tax Act, 1922 the following new proviso be inserted, namely

'Provided further that the tax shall not be payable by an assessee in respect of any profits or gains arising from the sale, exchange or transfer of a capital asset when such capital asset is sold or transferred under distress and its sale money goes to the payment—

(a) of old debts,

(b) to the creditor with whom such assets were already mortgaged or pledged' "

The Honourable Mr. Liaquat Ali Khan: Sir, I am sorry I am unable to accept this amendment. As the Bill stands before the house, I do not think any people with small means are going to be affected by it. Therefore I am

5 P M

sorry I cannot accept this amendment.

Mr. Deputy President: The question is

"That in clause 6 of the Bill, after the second proviso to sub-section (1) of the proposed section 12B of the Indian Income tax Act, 1922, the following new proviso be inserted, namely

'Provided further that the tax shall not be payable by an assessee in respect of any profits or gains arising from the sale, exchange or transfer of a capital asset when such capital asset is sold or transferred under distress and its sale money goes to the payment—

(a) of old debts,

(b) to the creditor with whom such assets were already mortgaged or pledged' "

The motion was negatived.

Mr. Shavax A. Lal: Sir, I move.

"That in clause 6, in sub-section (3) of the proposed section 12B, for the words 'second proviso' the words 'third proviso' be substituted."

Mr. Deputy President: The question is

"That in clause 6, in sub-section (3) of the proposed section 12B the words 'second proviso' the words 'third proviso' be substituted"

The motion was adopted.

Mr. Deputy President: The question is

"That clause 6, as amended, stands part of the Bill."

The motion was adopted.

Clause 6, as amended, was added to the Bill.

Clauses 7 to 18 were added to the Bill.

Mr. Shavax A. Lal: Sir, I move.

"That for sub-clause (2) of clause 1 of the Bill, the following be substituted, namely.

'(2) It shall be deemed to have come into force on the 31st day of March, 1947'."

This is purely formal. We hoped that this Bill would become law by the 31st March. But unfortunately that did not happen and so I am moving this amendment.

Mr. Deputy President: The question is:

"That for sub-clause (2) of clause 1 of the Bill, the following be substituted, namely:

'(2) It shall be deemed to have come into force on the 31st day of March, 1947'."

The motion was adopted.

Mr. Deputy President: The question is:

"That clause 1, as amended, stands part of the Bill."

The motion was adopted.

Clause 1, as amended, was added to the Bill

The Title and the Preamble were added to the Bill

The Honourable Mr. Liaquat Ali Khan: Sir, I move—

“That the Bill as amended be passed”

I shall take this opportunity of thanking Honourable Members of the House for the assistance that they have given me in getting these taxation measures through. I know we have had strong and heated arguments but I am convinced that the effect of these measures will not be what some Honourable Members apprehend, and I have no doubt that industry will not suffer in the way it is said it would suffer. I feel that the principles of taxation that this House has approved and which it will approve by passing this Bill are the principles according to which the future finances of the country should be managed.

Sir I move

Mr. Deputy President: Motion moved

“That the Bill as amended be passed”

Mr. Manu Subedar: Sir, I think it must be acknowledged that this measure has considerably improved from the moment it came and it has been improved by one or two small points that the Finance Member has conceded. Whatever heated arguments there might have been there is no question that this was a Bill which was in principle sound. It is very necessary to meet deficits and to rope in great transactions which have taken place. As it is forming part of the permanent system of this country's taxation it does seem to me that there are many aspects of it which need careful examination. This House has noticed with joy and satisfaction that the Finance Member has conceded some points. But I should like to illustrate one or two matters in which difficulty will arise. Take for instance the well known practice when a man instructs his bankers to buy some shares or when he buys some shares from a well-known firm of share brokers. In these cases the purchaser does not know the name of the seller. It is the universal practice in this country and elsewhere that the name of the seller is not known to the buyer of the shares. The shares come along for transfer from the previous holder but that previous holder is hardly the party from whom these shares have been purchased as they have been carried on through bank transfers and various other devices. This intermediation of the bank and the stock-broker is very genuine and in vogue throughout. If you make a bank responsible for these taxes on gains the bank must cease to do this service because the amount of commission that the bank may earn on these purchases or sales is not adequate. If you make the stock-broker responsible for the gains of the seller whoever he may be, that again will in practice not at all be applicable. That is only one case which long before the committee sits the department will have to think out with the Reserve Bank or with the Stock Exchange authorities and others and find out how to fit in this new levy with the existing financial organisation of the country.

Then, Sir, there is the question of stopping or slowing down the transfer of properties, the transfer of capital assets of factories, of shares, of bullion. What will be the effect on this? I admit that having devoted many years to economic problems, I still feel a little diffident in at once predicting what will be the effect, but I do fear that in some directions we may turn up against some consequences which it may be in the interest of the society as a whole and which it would behoove Government to take into consideration and take action either by administrative direction or by change of law as and when the issue arises by administrative direction or by change of law as and when the issue arises. There is a stamp duty of six per cent on capital asset's transfers which goes to the Provincial Governments, but the fact that it goes to the Provincial Governments or to the Central is not the point. As between the buyer and the seller there is so much going out and that amount is prone to increase. This

[Mr Manu Subedar]

particular levy may involve taking of a share which may be considerable. Here again I feel the effects of it will have to be studied.

Lastly, let me say that though it is called an amendment to the Income-tax Act, this Act is in fact a capital levy. It is in fact a capital levy in this manner that there is hardly any class of asset held by hardly any class of men in this country which in a given period will not come in for transfer. It may come for transfer because of the need of the family—distress of the family, need of capital for some purposes, may be there is a debt, may be there are some other family contingencies—and in some cases, as the Honourable the Finance Member has said, because the particular asset has gone up in value and the holders think that this is a good time to sell off shares. But in any case there is hardly any class of capital in this country which does not come in for sale. In the matter of capital asset it has been calculated that the periodicity is something to the order of 18 years on the average in the course of a generation. Therefore during 18 years the capital asset of the country would pass on to the next generation. If there is statistical calculation of a more accurate nature with the Government, Government ought to tell us about this, but as I said there is no class of asset which is held by a generation for more than this period. There are two classes in this country, one is very solid and conservative and Sir Cowasjee Jehangir was discussing about that, but the other class is of self-made men who make a fortune and acquire factories, houses, and if they fall ill and die or make a bad deal and lose, then in those cases their assets come in for sale and whenever it comes for sale its value is to be compared with something else which has gone before and a portion of it is to be handed over to Government. It is in essence a capital levy though of a deferred character. Therefore, Sir, all these implications have to be studied. I hope and trust that this study will take place and that some of the suggestions and points which may arise, Government will try to remedy them and thus improve the enactment. In some cases of course it will be done after that particular enquiry. So that I trust, Sir, that in future people may not say that we introduced this measure without sufficient forethought and sufficient care.

Mr. Deputy President: The question is

‘That the Bill, as amended, be passed.’

The motion was adopted.

The Assembly then adjourned till Eleven of the Clock on Tuesday, the 8th April, 1947.

LEGISLATIVE ASSEMBLY DEBATES

TUESDAY, 8th APRIL, 1947

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OFFICIAL REPORT



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LEGISLATIVE ASSEMBLY

Tuesday, 8th April 1947

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr. President (The Honourable Mr. G. V. Mavalankar) in the Chair.

STARRED QUESTIONS AND ANSWERS

(a) ORAL ANSWERS

RAISING OF DELHI POLYTECHNIC TO THE STANDARD OF ENGINEERING COLLEGE

†1428. *Seth Govind Das: Will the Honourable Member for Education be pleased to state

(a) whether it is a fact that Government propose to raise the Delhi Polytechnic to the standard of an Engineering College, and

(b) if so, by what time Government propose to bring about this change?

The Honourable Maulana Abul Kalam Azad: (a) Government propose to develop the Delhi Polytechnic into a first class technological institution. Engineering will form one of the departments and the intention is to provide facilities for instruction up to Honours Degree standard

(b) An application has already been made to Delhi University for the purpose of affiliation. The development programme provides for the shifting of Senior Departments including the Engineering Department to a new site near the University and orders for equipment have been placed some of which are expected to mature in 1947-48 and thereafter

MEDICAL COLLEGE FOR NEW DELHI

†1429. *Seth Govind Das: Will the Secretary of the Health Department be pleased to state

(a) whether it is a fact that Government contemplated sometime back to open a Medical College in New Delhi with the Irwin Hospital as its attached hospital,

(b) whether it is also a fact that the scheme was dropped during the war due to the inability of Government to bear the expenditure then, and

(c) whether Government propose to put this scheme into practice now?

Mr. S. H. Y. Ouliam: (a) Yes.

(b) The medical college was primarily intended to provide facilities for students from the Central areas and Indian States. The scheme was abandoned because the participation of a sufficient number of States in the scheme could not be secured

(c) The question of a medical college in Delhi is related to the proposal for the establishment of an All-India Institute recommended by the Bhoré Committee. The Government of India have set up a small committee to consider among other matters the location of this Institute and whether it should provide undergraduate training. The question of the establishment of a medical college at Delhi will be considered when the report of the Committee has been received

† Answer to this question laid on the table the questioner being absent

APPOINTMENT OF DIRECTOR GENERAL OF ARCHAEOLOGY FOR TRAINING OFFICERS IN ARCHAEOLOGY.

†1430. *Seth Govind Das: Will the Honourable Member for Education be pleased to state

(a) whether it is a fact that the present Director General of Archaeology was appointed to train officers for Archaeology in India, and

(b) whether he has trained enough personnel to fill all the Archaeological officers' posts with Indian officers?

The Honourable Maulana Abul Kalam Azad: (a) The present Director General was appointed with a view to reorganising the Archaeological Survey of India and training of officers in modern archaeological methods

(b) With the exception of the Director General of Archaeology who was appointed on contract basis and one permanent officer, all the other Class I Officers in the Archaeological Survey are Indians who have been recruited through the Federal Public Service Commission. They are receiving the requisite training for the posts in which they have been appointed

ADMISSION OF DIFFERENT COMMUNITIES INTO OFFICERS MILITARY TRAINING SCHOOL

1431. *Mr. Ahmed E. H. Jaffer: (a) Will the Secretary of the Defence Department please state how many candidates from each of the following communities were admitted in 1945 and 1946 into the Officers' Training School for Military Training Hindus, Muslims, Sikhs and Other classes?

(b) How many of them were granted Commissions?

(c) How many candidates from the following communities have been admitted into the Military Academy, for the course which started in February 1947 Muslims, Hindus, Sikhs and Other classes?

(d) Is there any reason why the Selection Boards should not have any British Personnel?

Mr. G. S. Bhalja: (a) to (c) I lay a statement on the table of the House

(d) It is the policy of Government to nationalise the Armed Forces completely, including the Selection Boards.

Statement

Intake at Officers' Training Schools and Indian Military Academy for Courses commencing 1945 and 1946

Training Institution	Hindus		Muslims		Sikhs		Others		Total	
	1945	1946	1945	1946	1945	1946	1945	1946	1945	1946
IMA (REGULAR)		172		61		47		72		332
IMA (OTS)	91		47		41		35		214	
OTS MHOW	65		39		44		28		176	
OTS BANGALORE	128	87	71	67	63	20	61	41	326	218
OTS BELGAUM	11		6		5		11		33	
Total	295	259	163	128	153	67	138	116	749	570

† Answer to this question laid on the table, the questioner being absent

The number of commissions granted in the Indian Land Forces through Officers' Training Schools in 1945-46 was 783. It is regretted that a breakdown of this figure by community is not readily available.

Acceptance figures for the 3rd and 4th Courses which commenced in February 1947

Community	Number Accepted
Hindus	113
Muslims	55
Sikhs	37
Others	40
Total	245

RETRENCHMENT OF MUSLIM EXTRA TEMPORARY EMPLOYEES IN THE CENTRAL ORDNANCE DEPOT AT AGRA

1432. *Mr. Ahmed E. H. Jaffer: Will the Secretary of the Defence Department be pleased to state

(a) the percentage of Muslim Extra Temporary employees in the establishment of the Central Ordnance Depot at Agra,

(b) whether Government are aware that a general retrenchment of the Extra Temporary Employees will begin in the month of March 1947 in the above establishment,

(c) whether Government propose to adhere to the D C P. Routine Order No. 497 of 1946 allotting 24 per cent. quota of the total services to the Muslims when the proposed retrenchment takes place in the Central Ordnance Depot at Agra, and

(d) whether Government have any scheme under consideration for re-absorbing the persons affected by the proposed retrenchment in the Central Ordnance Depot at Agra?

Mr. G. S. Bhalja: (a) Agra—22 per cent

(b) Retrenchment began in August 1945 and has been carried out progressively since then. The retrenchment has been phased and as much notice as possible given in order to minimize the hardship to retrenched personnel.

(c) Yes, Sir

(d) This is the responsibility of the Labour Department, who have set up Labour Exchanges to assist such persons in finding employment.

Mr. Manu Subedar: May I know whether there is not duplication in the efforts of the Labour Department for Resettlement of soldiers and demobilized officers as well as a similar department maintained by the Defence Department? Does Government think it necessary, if so, for what reasons, to maintain a separate re-establishment department under the Defence Department?

Mr. G. S. Bhalja: No, Sir. There is no duplication of work. I explained at length previously on the floor of this House why the Resettlement Directorate of the Defence Department was created and that it was going to be closed down in the very near future.

PERCENTAGE OF MUSLIMS IN THE INDIAN AIR FORCE

1433. *Mr. Ahmed E. H. Jaffer: (a) Will the Secretary of the Defence Department please state what the strength of the Indian Air Force is, giving separately the number of officers and other ranks?

(b) How many of the senior appointments such as Group Captains, Wing Commanders, Squadron Leaders are held by Muslims, Hindus, Sikhs, and other classes, mentioning specifically the percentage of Muslims therein?

Mr. G. S. Bhalja: (a) Officers—1,271, Other Ranks—14,099.

(b) I lay a statement on the table of the House

Community	Gp. Capt	Wg. Cdr.	Sqdn. Ldr.	Total
Muslims		3 (15.8%)	17 (19.3%)	20 (18.35%)
Hindus	1	11	49	61
Sikhs		3	9	12
Others	1	2	13	16
Total	2	19	88	109

MUSLIMS IN THE MUSEUMS, BRANCH OF THE ARCHAEOLOGICAL DEPARTMENT

1434. *Mr. Ahmed E. H. Jaffer: Will the Honourable Member for Education please state how many non-gazetted posts have been created in the Museums' Branch of the Archaeological Department and how many of them have gone to Hindus, Muslims and other minority communities during the last five years?

آنریبل مولانا ابوالکلام آزاد . آرکیالوجیکل ڈیپارٹمنٹ میوزیم برانچ میں ۱۹۴۶ء میں بنائی گئی۔ اس برانچ کی نو نان گزٹڈ پوسٹ میں سے پانچ جگہوں پر ہندو ہیں اور چار پر مسلمان ہیں۔

The Honourable Maulana Abul Kalam Azad: The Museums' Branch of the Archaeological Department was constituted in February 1946. Of the nine non-gazetted posts created in that Branch since, five have gone to Hindus and four to Muslims.

COMMUNAL REPRESENTATION IN CLASS I APPOINTMENTS IN THE ARCHAEOLOGICAL DEPARTMENT

1435. *Mr. Ahmed E. H. Jaffer: (a) Will the Honourable Member for Education please state the number of Class I appointments made in the Archaeological Department since 1934?

(b) Were the orders of the Home Department regarding communal representation observed in making these appointments?

(c) How many of these posts went to Hindus, Muslims and other minority communities?

(d) Are Government aware that the post of Archaeological Chemist was reserved for a Muslim but was filled up by the appointment of a Hindu?

آنریبل مولانا ابوالکلام آزاد : (اے) آرکیہ لاجیکل سروے تہیارتمنت میں بیے

درجہ کی جگہوں پر ۱۹۳۷ء میں اور اس کے بعد جو لوگ مقرر کئے گئے ہیں ان کی تعداد ۲۲ ہے -

(بی) کا جواب ہاں ہے -

(سی) ان دو جگہوں کو چھوڑ کر جو کمیونل ریپرزیٹیشن کے قاعدے کے نیچے نہیں آتے ۱۳ جگہوں پر ہندو مقرر ہوئے پانچ بر مسلمان - ان پانچ میں ایک جگہ عارضی ہے - دوسری مائٹاریٹی کمیونٹیز کا کوئی آدمی مقرر نہیں کیا جاسکا کیونکہ کوئی مناسب امیدوار سامنے نہیں آیا تھا -

(دی) آرکیہ لاجیکل کیمسٹ کی جگہ بھرے کے لئے ایک پوسٹ آفیسر اُن سہیشل قیوتی کی نکالی گئی تھی تا کہ اسے اس عرض سے تریزند کیا جاسکے - فیڈرل سروس کمیشن نے اس پوسٹ کو مسلمانوں کے لئے محفوظ کرے کا ایشہار دیا لیکن کوئی مناسب امیدوار نہ مل سکا - اس کے بعد یہ قید ہٹادی گئی اور دوبارہ اعلان کیا گیا لیکن پھر بھی کوئی مناسب امیدوار نہ مل سکا - دوسری مرتبہ یہ کیا گیا کہ جو کوالی فیکیشن اس پوسٹ کے لئے تہزائی گئی ہیں انہیں ہلکا کر کے مسلمان امیدوار مانگے گئے لیکن اب بھی کوئی امیدوار نہ ملا - چوتھی مرتبہ مسلمان کی قید ہٹا کر اسی ہلکے کوالیفیکیشن کے ساتھ اعلان کیا گیا - اس مرتبہ صرف ایک امیدوار آکر ہی - بی - لال کی کمیشن نے سفارش کی اور تہیارتمنت نے انہیں ۱۵ نومبر سنہ ۱۹۳۷ء میں مقرر کردیا - سنہ ۱۹۳۵ء میں انہوں نے آرکیہ لاجیکل کیمسٹ کی جگہ سنبھال لی -

The Honourable Maulana Abul Kalam Azad: (a) The number of appointments made in the Archaeological Survey Class I since 1934 is 22

(b) Yes

(c) 14 posts, excluding two posts not governed by rules regarding communal representation were filled from amongst Hindus, five including one temporary post from amongst Muslims and none from other minority communities as no suitable candidate was forthcoming.

(d) A post of an Officer-on-Special Duty under the Archaeological Chemist was created for the purpose of training a suitable person for appointment to the post of Archaeological Chemist. The post was first advertised by the Federal Public Service Commission as reserved for Muslims but no suitable Muslim candidate was available. The post was re-advertised as unreserved but again no suitable candidate came forward. Thereupon, the qualifications required for the post were lowered and the post was advertised by the Federal Public Service Commission as reserved for Muslims. Again no Muslim candidate satisfied the qualifications prescribed for the post. The post was then re-advertised as unreserved. Only one candidate, Dr B B Lal, was recommended by the Commission, who was appointed to the post of Officer-on-Special Duty on 15th November 1943. Subsequently, Dr B B Lal was appointed to the post of Archaeological Chemist in 1945 when the permanent incumbent vacated the post.

Mr. Yusuf Abdoola Haroon: Were any circulars sent to Muslim organizations that Muslims were required for this service?

انریبل مولانا ابوالکلام آزاد : جس طرح سے ایک فیڈرل پبلک سروس کمیشن اشتہار

دیا گیا ہے اسی طریقہ سے اشتہار دیا گیا تھا -

The Honourable Maulana Abul Kalam Azad: Advertisements were given by the Federal Public Service Commission as usual

ڈاکٹر ضیاء الدین احمد : میں یہ عرض کرنا چاہتا ہوں کہ جب فیڈرل پبلک

سروس کمیشن اشتہار دیتا ہے تو اس کی ایک کاپی یونیورسٹیوں کے رجسٹرار یا وائس چانسلر کو بھیج دیا کرے تاکہ لوگوں کی معلومات میں آسانی ہو جائے -

Dr. Zia Uddin Ahmad: I would suggest that at the time of advertising if the Federal Public Service Commission sends a copy to the Registrars or Vice-Presidents of Universities it would be easily known to the students

انریبل مولانا ابوالکلام آزاد : اس پر غور کیا جائیگا -

The Honourable Maulana Abul Kalam Azad: It will be considered

FINANCIAL SANCTION FOR SCHEMES IN THE ARCHAEOLOGICAL DEPARTMENT

†1433. **Mr. Ahmed E. H. Jaffer:** Will the Honourable Member for Education kindly state what new schemes are awaiting financial sanction in respect of the following branches in the Archaeological Department giving full details thereof (1) Conservation of Monuments, (2) Explorations, (3) Museums, (4) Exhibitions?

The Honourable Maulana Abul Kalam Azad: The Government of India have at present under their active consideration a scheme for the establishment of a Central Museum of Art Archaeology and Anthropology, which has been approved by the Central Advisory Board of Education. A copy of the Report giving details of this scheme is laid on the table of the House. No other scheme under any of the branches mentioned in the question is as yet mature for financial sanction but it is understood that the Director General has two proposals under consideration (i) splitting the Western Circle into two Circles to ensure a closer and more adequate attention being given to the important monuments of this region, (ii) incorporating the present Excavation Branch in an Exploration Branch which will include ground surveys also

RESETTLEMENT OF RELEASED I M S AND I A M C OFFICERS

‡1437. ***Seth Govind Das:** (a) Will the Secretary of the Health Department be pleased to state if there is a section under the Director General, Indian Medical Service, for the resettlement of released I M S / I A M C officers?

(b) How many officers are employed in this Branch, and what is the rank, experience and salary of each?

(c) How many officers have been released from the I M S and the I A M C since the V J day and how many of them have been helped in resettling or finding employment?

Mr. S. H. Y. Oulmanam: (a) Yes. Besides the I M S and I A M C, this section also deals with the resettlement of other medical, nursing and ancillary personnel

† Answer to this question laid on the table, the questioner having exhausted his quota

‡ Answer to this question laid on the table, the questioner being absent

§ Not printed in these debates. A copy placed in the Library of the House.—Ed. of D.

(b) A statement giving the information required by the Honourable Member as laid on the table of the House. Two of the officers are also doing work in connection with other sections of the office.

(c) Up to the end of February, 1947, 1,811 I M S officers and 1,319 I A M C officers were released from the Army. Of these 869 I M S and 860 I A M C officers applied to the Provincial and State Medical Employment Bureaux for resettlement and 175 I M S and 899 I A M C officers were placed in employment. Taking all medical, nursing and auxiliary personnel together a total of 5,807 persons applied to the Medical Employment Bureaux for assistance and 1,192 were placed in employment. The responsibility for finding employment for demobilised medical officers rests mainly with the provincial organisations. The central bureau assists by obtaining and supplying to the provincial bureaux detailed information regarding personnel to be demobilised and intimation of their release. It also supplies information regarding opportunities for employment to persons awaiting release. It is also concerned with the co-ordination of training arrangements for demobilised personnel in the various Provinces. In addition to medical officers, it deals with the nursing services, nursing orderlies and medical technicians.

Statement showing the number of officers, with their rank, experience and salary drawn, employed in the Resettlement Section of the office of the Director General, Indian Medical Service

Name, Rank and Qualifications	Experience	Salary	
1. Lt-Col B K Sheo-ey, MBBS, (Bomb), DLO (Lond) FRCS (Eng), IMS (EC), Additional Deputy Director General, Indian Medical Service (Resettlement)	1 Medical Graduate of 17 years' standing	Pay of Rank	Rs 1350
	2 Nine years' stay in the U K specialising in various branches of surgery	S P	Rs 400
	3 Held various Residential hospital appointments in the U K. for 6-7 years The last one was Surgeon, E M S Metropolitan Hospital, London (Ministry of Health appointment)	Addl S P	Rs 250
	4 Joined the IMS (EC) on the 23rd June 1941 and has been employed in the office of the Director General, Indian Medical Service since then He has held the following posts —	Total	Rs 2,000
	(a) Assistant Director General, Indian Medical Service (A R P)		
	(b) Assistant Director General, Indian Medical Service (Resettlement)		
	(c) Additional Deputy Director General, Indian Medical Service (Resettlement)		
	5 Has considerable experience in hospital planning, organisation and administration.		
	6 Member-Secretary, Committee of Standards (Medical Institutions)		
	7 Was sent on deputation to the U S A , Canada, the U K , Denmark and Sweden		
2. Major M Ata-Ullah, O.B.E , MBBS. (Pb), M R C S (Eng), L R C P. (Lond.), D.T.M & H (Lond), D P H (Eng), I.M.S., Assistant Director General, Indian Medical Service (Resettlement)	16 years' service in the Indian Medical Service Inspector General, Ministry of Food, Iran, for 16 months	Pay of rank	Rs 1100
		S P.	Rs 400
		Total	Rs. 1,500

3 Major A. A. Khan, M.B.B.S. (Lucknow), Ex-I.M.S. (E.C.), Deputy Assistant Director General, Indian Medical Service (Resettlement)	Medical Graduate of 7 years' standing Joined the I.M.S. (E.C.) on the 14th July, 1940	Pay	Rs. 800
		S P	Rs 240
		Total	Rs 1,040

While on military duty worked as

- (i) General Duty Officer in various Indian Military Hospitals
- (ii) Recruiting Medical Officer
- (iii) Regimental Medical Officer
- (iv) Deputy Assistant Director of Medical Services, Medical Directorate, G.H.Q.

APPOINTMENT OF A EUROPEAN AS DIRECTOR OF HEALTH SERVICES FOR DELHI PROVINCE

†1438. *Seth Govind Das: (a) Will the Secretary of the Health Department be pleased to state the number of I.M.S. officers employed under the Chief Commissioner, Delhi (1) before and during the war, and (2) since the V.J. day, giving the nature of their work, emoluments, etc., both before they joined their new jobs in Delhi under the Chief Commissioner and after?

(b) Are Government aware that a new post of Director of Health Services for Delhi Province has been created and that a European officer has been appointed to the post on a salary of Rs. 2,700 plus overseas pay?

(c) Are Government aware that an Indian I.M.S. officer was specially selected to prepare the post-war plan for Delhi Province for health services?

(d) If so, why was he not appointed to carry out his own plans?

(e) Do Government propose to implement his scheme?

(f) Are Government aware that no scheme exists to help the discharged medical men of Delhi Province in their re-settlement and that they are not receiving any help from the Director of Health Services, Delhi Province?

(g) Do Government propose to take steps to ensure that the released medical men of Delhi get preference over outsiders?

Mr. S. H. Y. Oulnam: (a) A statement is laid on the table of the House

(b) The post of Director of Health Services, Delhi Province, was created in 1945. Lt.-Col. D. MacD. Fraser was appointed to the post in October, 1945.

(c) Yes

(d) Lt.-Col. Fraser was considered by the then Government to be the best officer for the post.

(e) The scheme prepared by Lt.-Col. Chopra has had to be considerably modified and revised partly due to financial limitations and it will not be possible to implement it in toto.

(f) Every endeavour is made to assist the discharged medical men of Delhi Province in their resettlement and the Director of Health Services has interviewed a large number of officers and given them advice.

(g) The question of the extent to which released medical men of Delhi should be given preference is under consideration.

†Answer to this question laid on the table, the questioner being absent.

Statement giving the information regarding the number of I. M. S. officers employed under the Chief Commissioner, Delhi (i) before and during the war and (ii) since V-J Day and the nature of their work and emoluments drawn

Number of I. M. S. Officers employed under the Chief Commissioner, Delhi

(i) On the 2-9-1939

(ii) During the war

(iii) Since V J Day

3

6

5

II Post	Nature of duties	Name of Officer	Emoluments drawn	
			Before joining post under Chief Commissioner, Delhi	On appointment under Chief Commissioner, Delhi
1		3	4	5
1 Director of Health Services, Delhi Province	He is in administrative charge of Medical and Public Health Services in Delhi Province. His main task is to initiate and carry through health work in the Province	Lt Col D M Dyer, C. I. B. (Class 1), M. R. F. (C. I. B. 1, M. S. 1) from the 1st Nov. 1915 to date	P. A. Rs 2,635 plus O. S. P. A. Rs 13.68	P. A. Rs 2,600 plus O. S. P. A. Rs 13.68 plus Motor Allowance of Rs 129
2 Chief Medical Officer and Civil Surgeon, Delhi	He is generally in charge of medical work in Delhi, as well as of the Hindu Rao Hospital	Lt Col P A Dyer, M. R. C. S. (Eng), L. R. C. P. (Lond) I. M. S. (Rtd) (from 1st Dec. 1915 to date)	P. A. Rs 1,700 (inclusive of pension) plus S. P. R. 400 plus C. A. Rs 129	
3 Additional Civil Surgeon, Delhi	He is in medical charge of the Delhi Jail and the Reformatory School and assists the Chief Medical Officer, Delhi, in attending on Government officials etc.	V. C. I.		

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11 Post	Nature of duties	Name of Officer	Emoluments drawn	
			Before joining post under Chief Commissioner, Delhi	On appointment under Chief Commissioner, Delhi
1	2	3	4	5
4 Superintendent, Irwin Hospital, New Delhi	He is in charge of the Irwin Hospital, New Delhi	Major M H Sidi, M B B S (Pb), M R C S (Eng), M R C P (Lond), D P M (Eng), I M S (from 6th November, 1945 to date)	Pay of rank	Pay of rank plus S P. Rs 250
5 Chief Health Officer, Delhi	He is in charge of general health matters throughout Delhi Province	Major B. N. K. n, M B B S (Bomb), D P H (Edin), I M S. (From 4th September, 1944 to date)	Pay of rank plus allowance of Rs 240 plus additional pay of Rs. 200	Pay of rank plus S P Rs 250 plus Motor Car allowance Rs 125
6 Assistant to the Chief Health Officer, Delhi	He assists the Chief Health Officer	Major M S Chandra, M B B S (Pb), D P H (Eng), D T M & H (Lond), M R C P, (Edin), I M S. (From the 5th November 1945 to date)	Pay of rank plus S P. Rs 250	Pay of rank plus S. P. Rs 230

SEARCH OF COMMUNIST PARTY OFFICES FOR CIRCULARS ENTITLED 'OPERATIONS ASYLUM'

1439. *Sri M. Ananthasayanam Ayyangar (on behalf of **Maharajkumar Dr. Sir Vjaya Ananda**): Will the Secretary of the Defence Department be pleased to state whether Government propose to place on the table of the House the texts of the original circulars entitled 'operations Asylum' for which the Communist Party Offices were raided all over India and whether it is a fact that Government had repudiated these circulars

Mr. G. S. Bhalja: No, Sir. It cannot be placed on the table of the House as it is a privileged document

The answer to the second part of the question is in the negative

Mr. Ahmed E. H. Jaffer: May I ask what is meant by a privileged document.

Mr. G. S. Bhalja: A document which is not for publication and therefore not to be placed on the table of the House

Mr. Yusuf Abdoola Haroon: Is it not a fact that the contents of this document are widely known all over the country? If so, will the Honourable Member think it advisable to place a copy of it on the table of the House?

Mr. G. S. Bhalja: Government is aware that certain extracts from this highly confidential document appeared in a certain newspaper, but from that it does not follow that the Government should place this document on the table of the House

Mr. Ahmed E. H. Jaffer: Now that certain portions of this document have appeared in the press, may I ask if they are correct? Is the Government prepared to admit them or deny them?

Mr. G. S. Bhalja: I do not propose to contradict or confirm the contents of the articles in newspapers on this subject

Mr. Yusuf Abdoola Haroon: Will the Government permit the publication of this document in the press? If not what steps will the Government take if it is so printed?

Mr. G. S. Bhalja: That is a hypothetical question, but certainly Government will not permit the publication of this document

GRANT OF SHORT SERVICE COMMISSIONS TO INDIANS IN THE R I A.

†1440. *Pandit Sri Krishna Dutt Paliwal: Will the Secretary of the Defence Department be pleased to state

(a) the number of Indians who have been granted Short Service Commissions in the R I A F under the new scheme, and

(b) the extent to which nationalisation of the Indian Army has been achieved since the establishment of the Interim Government?

Mr. G. S. Bhalja (a) No Short Service Commissions have so far been granted in the R I A F

(b) I lay a statement on the table of the House showing the number of British and Indian Officers and men on the 1st September, 1946 and 1st February, 1947

Statement showing the number of British and Indian officers and men in the Indian Army on 1-9-46 and 1-2-47

British Officers	23412	15653	—7759
Indian Officers	11353	11426	+ 73
British other Ranks	38585	21127	—17458
Short Service Commissions (Indians)	1242	2401	+1159 (Short Service Commissions are not given to Britishers)

ESTABLISHMENT OF A NATIONAL COPY-RIGHT LIBRARY IN DELHI

1441. *Pandit Sri Krishna Dutt Paliwal: Will the Honourable Member for Education be pleased to state

(a) whether Government propose to establish a National Copy-right Library in Delhi, and

(b) whether plans for the same have been formulated?

The Honourable Maulana Abul Kalam Azad: (a) A proposal for the establishment of a Central Library including a Copyright Section at New Delhi has been included in the Post-war Educational Development Plan of the Government of India for 1947-48

(b) A sum of Rs. 15,000 has been provided in the next financial year for preliminary expenditure in this connection. An expert committee is to be set up immediately with a view to working out the details of the scheme.

PURCHASE OF NICKEL BY GOVERNMENT FOR COINAGE

1442. *Mr. Manu Subedar: (a) Will the Honourable the Finance Member be pleased to state how much nickel was purchased by Government in the years 1944-45, 1945-46 and 1946-47, from whom was it purchased, and what was the price paid?

(b) How much nickel has been used for the coinage of subsidiary nickel coins of four annas and eight annas?

(c) How much nickel is expected to be used in the change-over to the nickel rupee?

(d) How much silver is estimated to be returned by the abolition of silver coinage in this country so far as the rupee coins are concerned?

(e) How much silver has been recovered as the result of the change-over of four anna and eight anna coins?

The Honourable Mr. Liaquat Ali Khan: (a) I lay a statement on the table of the House

(b) 491.8 tons of Nickel was used till the 28th February 1947 on the manufacture of half and quarter rupee Nickel coins

(c) Approximately 12,300 tons of Nickel will be required to replace the existing quaternary rupee coins by Nickel coins

(d) and (e) It is too early to make an estimate of the amount of silver likely to accrue to Government from the return of quaternary coins

As to this question laid on table, the questioner being absent

Amount of Nickel purchased by Government for use in the Mints during 1944-45, 1945-46 and 1946-47

1944-45	Nil
1945-46	400 tons from U. K. at a cost of £ 78,584 80 tons from Indian Ordnance Factories at Rs. 2,95,123.
1946-47	107 tons from Disposals Directorate at Rs. 4,31,025 for the lot. 159 tons from Australia at about £ 244 per ton (Australian money) 150 tons from U. K. at about £ 190 per ton for nickel supplied in the form of pellets and £ 450 per ton for nickel supplied in the form of manufactured nickel blanks

Mr. Yusuf Abdoolah Haroon: May I know from the Honourable Member as to how he proposes to dispose of this silver when it is recovered?

The Honourable Mr. Liaquat Ali Khan: In reply to one of the questions I have stated that we have to return to the United States the silver that we borrowed from that country in the form of silver.

Mr. Manu Subedar: In regard to the nickel price paid, are Government aware that there is a nickel combine in the world and the Canadian Nickel Company from whom I understand these purchases were made are controlling prices? Have Government compared these prices with the pre-war prices and prices at which nickel has been parted with after the war ended to other countries?

The Honourable Mr. Liaquat Ali Khan: I understand, Sir, that the nickel that has been bought from Canada is the cheapest.

Mr. Yusuf Abdoolah Haroon: In view of the silver prices rising in the Bombay market, does not the Government feel advisable to sell some of its reserves?

The Honourable Mr. Liaquat Ali Khan: Sir, this is a matter that I am afraid that I cannot discuss here.

Dr. Zia Uddin Ahmad: In the interests of stabilising the prices, does not the Honourable Member think it advisable to fix the price of silver in terms of his paper rupee?

The Honourable Mr. Liaquat Ali Khan: That does not arise out of the question which is before the House.

Dr. Zia Uddin Ahmad: When I consider the prices I always mean the prices in terms of the paper rupee and not the prices in terms of silver and gold.

The Honourable Mr. Liaquat Ali Khan: There is no difference between the price of the silver coin and the paper rupee.

Dr. Zia Uddin Ahmad: Silver realized by means of these coins!

Sri M. Ananthasayanam Ayyangar: May I ask the Honourable Member if one of the terms of the agreement with the United States of America is that this Government should return silver in specie and if so, why should not the dollar be given and then the price of silver may be paid to the United States?

The Honourable Mr. Liaquat Ali Khan: The condition is that silver should be returned in silver.

'PAY AS YOU EARN' SYSTEM OF INCOME-TAX

1443. ***Mr. Manu Subedar:** (a) Will the Honourable the Finance Member be pleased to state in how many cases in the "Pay as you can" system of income-taxes, have Government charged in each of the Income-tax Circles in India?

(b) Have Government examined the necessity of continuing this measure in view of the extra work, which devolves on Income-tax officers and on members of the public?

(c) What steps are Government taking in order to catch up with the arrears of unpaid income-tax, super-tax and Excess Profit Tax and have Government got an estimate of such arrears?

(d) Have Government considered the desirability of relieving Income-tax officers, so that they may collect the arrears, rather than the advance and, if so, what decision have they reached?

The Honourable Mr. Liaquat Ali Khan: (a) In 1945-46, demand under the 'pay as you earn' scheme had been made in 94,561 cases. Figures for each income-tax circle are not readily available.

(b) Yes

(c) I take it that by 'arrears of unpaid' taxes the Honourable Member is referring to tax involved in the pending cases. On a rough computation such arrears of income-tax and super-tax may be taken at about Rs. 52 crores. Steps have already been taken to strengthen the assessing staff and it is hoped that the entire amount will be collected in 1946-47 and 1947-48. With the abolition of Excess Profits Tax, the cases in arrears are being cleared as speedily as possible.

(d) Does not arise.

Mr. Manu Subedar: In view of the fact that 'Pay as you can' creates a lot of trouble for the officers and that Government are able to borrow money at Treasury Bills at a very low rate, will not Government consider the desirability of discontinuing this system of paying as you can, which will relieve assesses of the trouble and which will relieve Government officers also of the trouble involved?

The Honourable Mr. Liaquat Ali Khan: There is no trouble to the assesses, because in the case of other assesses like salaried people the tax is being deducted at the source. The Government think that this arrangement has worked very satisfactorily and it is intended to continue this arrangement.

Shri Mohan Lal Saxena: May I know whether this huge amount of 52 crores was taken into account in the Budget estimates this year?

The Honourable Mr. Liaquat Ali Khan: With regard to this I would like to point out that in 1946-47 we expected to collect Rs. 29 87,97,000 and the balance of about 22 crores which is expected to be collected in 1947-48 has been included in the estimates for that year.

Mr. Manu Subedar: Having regard to the increased personnel which the Government are adding to the Income-tax Department, would it not be possible to wipe out most of the arrears and to carry forward less of the arrears next year than has been the case this year?

The Honourable Mr. Liaquat Ali Khan: I have just given the details about this 52 crores, viz., that we expected to collect 29 87 crores in 1946-47 and the balance of 22 crores is expected to be collected in 1947-48.

Mr. Manu Subedar: Putting my question differently, have Government examined whether the revenues of this year will not benefit enormously by the collection of outstanding arrears which will be assisted by the new staff which they will employ?

The Honourable Mr. Liaquat Ali Khan: These figures have been given after taking into consideration the new staff that will be engaged or has been engaged?

COST OF STORES TAKEN BY THE ARMY WHICH ARE NOT CHARGED TO ARMY

1444. ***Mr. Manu Subedar:** (a) Will the Honourable the Finance Member be pleased to state what is the total cost of the stores taken by the Army, which are not charged to the Army?

(b) Is it a fact that the Defence expenditure indicated in the Budget is the nett amount, not taking any allowance for material paid for by India, which is

being given to the Defence Department free of cost, as mentioned in the Explanatory Memorandum?

The Honourable Mr. Liaquat Ali Khan: (a) The information is not available.

(b) As stated in the Explanatory Memorandum, no provision has been made in the Defence Budget for the year 1947-48 for the cost of the stores to be drawn from the stocks.

Mr. Manu Subedar: In order to have a more accurate estimate of the details in the Defence Department would it not be possible for the Honourable Member to ask the Army who have used these materials as to how much they have used in the course of the last year and how much they would be using in the course of the next year?

The Honourable Mr. Liaquat Ali Khan: The matter is being examined.

EXPENDITURE ON INDIAN TROOPS EMPLOYED OUTSIDE INDIA

1445. ***Mr. Manu Subedar:** (a) Will the Secretary of the Defence Department be pleased to state what kind of troops, of the Indian Army, how many, and at what cost, are being employed outside India, for which the expenditure would be debited to His Majesty's Government?

(b) What kind of British troops, how many and at what cost, are being employed in India, of which the cost will have to be paid by India?

(c) What are the relative amounts and why are British troops, which are not part of the Indian Army, maintained in this country?

(d) What purpose are they serving and since when have the Government of India undertaken the obligation of paying the full cost of maintenance of such troops?

(e) Is it a fact that this is a remnant of the demobilisation of British troops, which was slackened, and if that was so, under what circumstances and why is the charge for British troops (as distinct from British troops which are part of the Indian Army) borne by India?

Mr. G. S. Bhalja: (a) The amount recoverable from His Majesty's Government in the United Kingdom in 1947-48 on account of the pay and allowances of personnel of the Indian Army serving outside India is estimated at Rs 4.67 crores. *vide* page 14 of the Budget Estimates of the Defence Services for 1947-48. This estimate is based on an average strength of 55,000 personnel. No information is available in regard to the maintenance charges of these troops which are met direct by His Majesty's Government in the United Kingdom.

(b) The total expenditure on all heads to be incurred by India during 1947-48 on account of British troops is roughly estimated at Rs 10 crores. As regards the number in India at present, I regret, Sir, I am unable to state the figure.

(c), (d) and (e) The maintenance of British troops in India is a necessary consequence of past policies. This is a temporary phase today which will end in the near future when power is transferred by H. M. G. in the U. K. to India.

Mr. Manu Subedar: May I know who determines this personnel and why India should bear ten crores of cost and receive only 4.67 crores from the use of our troops outside India? Why cannot these troops be swapped so that they can take their troops and we keep back our men?

Mr. G. S. Bhalja: The British troops in India are maintained not for purposes of sending them abroad but for the purposes of the defence of India. By the phrase "defence of India", I mean internal as well as external defence.

Mr. Manu Subedar: Who determines the sending out of Indian troops abroad and the continued maintenance of those troops there? Is the decision taken by the Government of India or by the Defence Council?

Mr. G. S. Bhalja: My Honourable friend should know that these decisions were taken before the Interim Government took office. The troops which have

been sent abroad were sent with the consent of the Government of India of the day.

Mr. Manu Subedar: Whatever the legal position may be with regard to the 1935 Act, we are all anxious to know whether in fact such decisions are not now being taken or proposed to be taken by the Government in this country and whether in regard to these army matters India is not going to have the same status as any other Dominion Government enjoys at present?

Mr. G. S. Bhalja: The constitutional position is that the Governor General in Council is precisely in the same position in relation to military matters as he is in relation to any other matter to which his executive authority extends. Under Section 314 of the Government of India Act, the Governor General in Council is under the control of the Secretary of State and is bound to comply with such particular directions, if any, as may be given by him. Under this section as well as under sub-section (2) of Section 11 in the Ninth Schedule the handling of military matters, as of any other matter by the Governor General in Council, is potentially controllable by the Governor General and the Secretary of State. This is, however, subject to the declaration of His Majesty's Government that they would treat the new Interim Government with the same close consultation and consideration as a Dominion Government.

Mr. Manu Subedar: I am very happy to learn about the announcement of the intention of His Majesty's Government to treat this country as a Dominion country in practice. May I know whether this declaration has been acted upon and will be acted upon in future?

Mr. G. S. Bhalja: Yes, Sir. The declaration is being acted upon. The declaration was made on the 30th May, 1946.

Mr. Sasanka Sekhar Sanyal: Is it possible for the Honourable Member to say how much of these British forces are kept for purposes of internal defence and how much for external defence?

Mr. G. S. Bhalja: There is no such clear cut division made as regards the forces kept in a country—that a particular portion is earmarked exclusively for external defence and another portion for internal defence.

Mr. Sasanka Sekhar Sanyal: May I know whether this Government has measured the necessity in terms of external and internal defence?

Mr. G. S. Bhalja: My Honourable friend is aware that the Government of India are considering the future size of the armed forces in this country for these purposes.

Mr. Manu Subedar: With reference to part (e) of the question, may I know apart from the British troops which are maintained and maintainable by the Government of India, whether there are any surplus British troops belonging to His Majesty's Government whose demobilisation has been delayed on account of shipping and whether there is not a certain number of them in this country and if so, is India bearing any cost in connection with them?

Mr. G. S. Bhalja: A certain number of troops are awaiting demobilisation. Their cost is borne by the Government of India as has been the practice throughout.

Mr. Manu Subedar: What steps are Government taking in order to reduce this burden on this country?

Mr. G. S. Bhalja: The process of demobilisation is going on and in due course it will be completed.

Shri Mohan Lal Saksena: May I know whether the question of the continuance of Indian troops abroad has been considered by the present Government?

Mr. G. S. Bhalja: Of course, Sir. I made a full statement on the policy of the Government of India with regard to the maintenance of Indian troops abroad.

**REWARDS TO THE HEADS OF ESTABLISHMENTS OF GOVERNMENT DEPARTMENTS FOR
REDUCING EXPENDITURE**

1446. *Sjt. N. V. Gadgil (on behalf of **Mr. Vadilal Lalubhai**): (a) Will the Honourable the Finance Member please state whether there is any system of giving rewards to the Heads of Establishments under each Department of the Government of India who after the budget for the next year has been prepared and sanctioned reduce expenditure as and when the work becomes less?

(b) If the reply to part (a) above be in the negative, is there any system of imposing penalties for reducing expenditure on the ground of preparing incorrect budget estimates?

(c) Are Government aware that due to the fear in the minds of the Heads of Departments of the Government of India that they may be reprimanded if expenses do not come up to the budget estimates they are reluctant to retrench even temporary staff and reduce other expenses during the course of the financial year as a result of which heavy loss is sustained by the Exchequer?

(d) Are there any offices in the Government of India in which work is reduced but no retrenchment is made?

The Honourable Mr. Liaquat Ali Khan: (a), (b) and (d) No, Sir

(c) The Honourable Member's impression is not correct. No officer is reprimanded for effecting savings in the sanctioned budget. On the contrary, all economies effected during the course of the year are welcomed by Government.

HINDU JATS IN THE INDIAN ARMY, NAVY AND AIR FORCE

†1447. *Chaudhri Sri Chand: Will the Secretary of the Defence Department please state

(a) the number of Hindu Jats in the Indian Army, Navy and Air Force before the war (ii) during the war and (iii) at present, and

(b) what it will be after the present demobilisation?

Mr. G. S. Bhalja: (a) I lay a statement on the table of the House

(b) The size and composition of the post-war Armed Forces of India have not yet been determined, but, roughly speaking, the number of Hindu Jats in the post-war Indian Army is likely to be about 11,000, if present plans are accepted

Statement showing the strength of Hindu Jat in the Indian Army

Before the war (1-1-1939)	9,240
During the war (1-9-1945) (Peak period)	46,680
At present (1-2-1947)	21,840

It is regretted that statistics in this detail are not maintained for the Royal Indian and the Royal Indian Air Force

REGIMENT OF HINDU JATS

†1448. *Chaudhri Sri Chand: Will the Secretary of the Defence Department please state whether there is any Regiment consisting purely of Hindu Jats, if not, the reasons therefor?

Mr. G. S. Bhalja: There is no regiment of the Indian Army wholly composed of Hindu Jats. There are, however, many Jat squadrons and companies in the Armoured Corps and Infantry Regiments of the Army. For instance, the Indian Grenadiers is composed of 75 per cent Jats. The Rajputana Rifles and the Jat Regiment each have 50 per cent of Jats while there are no less than ten Jat squadrons in the Armoured Corps.

†Answer to this question laid on the table the questioner being absent

The number of recruits furnished by the Jat community could not support a separate Jat regiment in addition to the above, and to form a Jat Regiment by the transfer of Jats from existing units would not be desirable in the interests of those serving or administratively possible without grave dislocation of the existing organisation of the Army

PROPORTION OF COMMISSIONED OFFICERS IN THE INDIAN ARMY TO THE NUMBER OF SOLDIERS OF EACH COMMUNITY IN THE INDIAN FIGHTING FORCES

†1449. *Chaudhri Sri Chand: Will the Secretary of the Defence Department please state if Government propose to appoint proportionate number of Commissioned and Non-Commissioned Officers in the Indian Army, to the number of soldiers of each community in the Indian Fighting Forces? If not, why not?

Mr. G. S. Bhalja: No, Sir, as the policy of Government is that the Armed Forces should be free from communal considerations

INDIAN MEMBERS OF WOMEN'S MEDICAL SERVICE IN THE LADY HARDINGE MEDICAL COLLEGE, DELHI

1450. *Mr. Manu Subedar: (a) Will the Secretary of the Health Department please state the number of Indian members of the Women's Medical Service of the Lady Hardinge Medical College, and who is the seniormost among them?

(b) Which non-Indian members of the Women's Medical Service are seniors, and what are their appointments and emoluments?

(c) For how long has the appointment of the present Principal and Medical Superintendent of the Institution been made and when does the period expire?

(d) What arrangements have been made by Government for adding to the Indian staff of this College?

(e) What is the policy of Government with regard to the Principalship and have they made any arrangements for the post of the Principal and Medical Superintendent of this College to be filled by an Indian and, if so, in what manner and when?

Mr. S. H. Y. Oulsnam: (a) and (b) A list showing the seniority and emoluments of officers of the Women's Medical Service, both Indian and non-Indian serving on the staff of the Lady Hardinge Medical College and Hospital is laid on the table of the House

(c) The present Principal was appointed on 16th November 1946. No term has been fixed for the appointment. The Principal can serve in the post until she reaches the age of 55.

(d) and (e) Appointments to the staff of the College are not made by Government but by the Governing Body of the College. Under the bye-laws for the control and management of the institution the post of Principal is ordinarily held by an officer of the Women's Medical Service. The selection for the post of Principal is made by the Governing Body of the Institution from a panel of names of suitable members of the Women's Medical Service obtained from the authorities of the Countess of Dufferin Fund who control the Women's Medical Service.

* Answer to this question laid on the table the questioner being absent

List of W M S officers in the Lady Harding Medical College and Hospital in order of seniority showing their emoluments

Name of W M S. Officers	Pay p m	Allowances p m	Total emoluments p m.	Whether Indian or non-Indian	
	Rs		Rs.	Rs	
1. Dr K J McDermott, Principal and Medl Supdt	750	Overseas alloc Alloc as Professor of Anatomy Administrative alloc as Principal and Medl Supdt Compensatory alloc in lieu of fees	150 250 400 45	1,595	Non-Indian.
2 Dr H E Acheson, Vice-Principal and Joint Medl Supdt	750	Overseas alloc Alloc as Professor of Obstetrics & Gynaecology Administrative alloc as Vice-Principal and Joint Medl Supdt Compensatory alloc in lieu of hospital fees	150 250 100 45	1,295	Non-Indian.
3. Dr H B Patil, Prof of Pathology	650	Allowance as Prof of Pathology Compensatory alloc in lieu of hospital fees Cost of living War alloc	200 45 49 15	959	Indian
4. Dr B M Joly, Prof of Surgery	650	Overseas alloc Teaching alloc Compensatory alloc	150 250 45	1,095	Non Indian
5 Dr E Smith, Prof of Radiology	550	Teaching alloc Compensatory alloc War alloc Cost of living	250 45 19 41	905	Indian
6 Dr R Vethavanam, Prof of Medicine	550	Teaching alloc Cost of living War alloc	200 41 15	806	Indian
7. Dr G D Daruvala, Prof of Pharmacology	450	Teaching alloc Cost of living War alloc	200 34 15	699	Indian

Mr. Manu Subedar: Is it intended to continue this Women's Medical Service in this country or is it in the process of disintegration with the disintegration of the I M S ?

Mr. S. H. Y. Oulnam: The Women's Medical Service has no connection with the Indian Medical Service. The question of its future will be a matter for consideration in due course.

Mr. Yusuf Abdoolah Haroon: May I know from the Honourable Member how many members of the Governing Body are Indians?

Mr. S. H. Y. Oulsnam: At least 10 out of 13

Mr. Ahmed E. H. Jaffer: What is the age of the Principal, may I know? I only want to know this because

Mr. President: The Honourable Member may ask for the information, he need not give his reasons for asking it

Mr. Ahmed E. H. Jaffer: I only want to calculate for how many years she is going to continue, on the basis of retirement at 55

Mr. S. H. Y. Oulsnam: About six

Sri M. Ananthasayanam Ayyangar: Is there any scheme to Indianise the Women's Medical Service?

Mr. S. H. Y. Oulsnam: No, there is no such scheme at present

Sri M. Ananthasayanam Ayyangar: Is it not a fact that the entire cost of the administration of this is borne by the Central Government?

Mr. S. H. Y. Oulsnam: The cost of the administration of the Women's Medical Service is borne by the Central Government

Sri M. Ananthasayanam Ayyangar: What is the kind of control exercised by Government over this and why has there been no attempt to Indianise the staff?

Mr. S. H. Y. Oulsnam: The future of the Women's Medical Service is a matter which will come under review during the next few months

Mr. Manu Subedar: The Honourable the Health Secretary said on the floor of the House the other day that Government will consider the question of tightening then hold over this institution the bulk of whose cost Government are bearing. May I know whether any steps have been taken in that direction?

Mr. S. H. Y. Oulsnam: Not yet, I made that statement only a few days ago

Mr. Manu Subedar: Will the Honourable the Health Secretary assure the House that steps will be taken in order that Government should have complete control over this institution whose cost they are bearing instead of working through this intermediate course which has not proved very satisfactory?

Mr. S. H. Y. Oulsnam: I said the other day that the matter would be considered. I cannot say anything more at present

Sri M. Ananthasayanam Ayyangar: Is it not a fact that from time to time the claims of Indian officers for higher appointments and posts in this service have been overlooked deliberately, and will the Honourable Member please go into the question in the case of the various persons who have complained?

Mr. S. H. Y. Oulsnam: I am not aware of it, but if any particular case is referred to me it will be carefully examined

Lala Deshbandhu Gupta: Now that the Advisory Council to the Chief Commissioner has been appointed, will Government consider the desirability of handing over the control of this institution to the Local Government?

Mr. S. H. Y. Oulsnam: No, Sir

STEPS TO GIVE EFFECT TO THE PROVISIONS OF THE ANTI-CORRUPTION ACT

1451. ***Babu Ram Narayan Singh:** (a) Will the Honourable the Home Member be pleased to state whether Government have taken any administrative steps to give effect to the provisions of the Anti-Corruption Act recently passed by this House and if so, what?

(b) Have Government issued any instructions to the Provinces in connection with this Act?

The Honourable Sardar Vallabhbhai Patel: (a) and (b) No administrative steps or specific instructions to Provinces are necessary for the purpose of implementing the provisions of the Act.

Babu Ram Narayan Singh: What was the purpose in enacting that measure?

The Honourable Sardar Vallabhbhai Patel: The purpose is mentioned in the aims and objects, but no instructions are necessary for the purpose, it works automatically.

Babu Ram Narayan Singh: May I know what steps this Government are taking with regard to the Centrally administered area?

The Honourable Sardar Vallabhbhai Patel: No Special steps are necessary. The required staff has been appointed.

Babu Ram Narayan Singh: We want to know what are the steps that are being taken.

The Honourable Sardar Vallabhbhai Patel: I do not understand the question. No steps are necessary for the enforcement of the Act. The staff has been appointed and it is working.

Babu Ram Narayan Singh: I want to know what steps are suggested to be taken.

Mr. President: It will be a matter for argument.

Sri M. Ananthasayanam Ayyangar: The Honourable Member wants to know whether any cases have been launched in pursuance of this Act and how far it has been brought into operation.

The Honourable Sardar Vallabhbhai Patel: If that information is asked for it will be obtained.

ABOLITION OF THE ARMS ACT

1452. *Babu Ram Narayan Singh: (a) Will the Honourable the Home Member be pleased to state whether the Government of India propose to consult the Provincial Governments on the subject of abolition of the Arms Act?

(b) Are Government aware that the last Rev. Agriculture Commission had recommended liberal grant of gun licenses to cultivators, and if so do Government propose to advise the Provincial Governments to follow the recommendations?

The Honourable Sardar Vallabhbhai Patel: (a) I have already intimated correspondence with the Provincial Governments on the question of relaxing the present restrictions on the issue of licences for arms. The Government of India have no present intention of considering the total abolition of the Arms Act.

(b) Yes. The recommendation was in line with the policy of the Government of India of which the Provincial Governments are well aware, and last year Provincial Governments were addressed as regards measures for checking the damage done to crops by wild beasts.

Mr. Ahmed E. H. Jaffer: In view of the fact that members of this House find great difficulty in obtaining arms for personal protection what steps do Government propose to take so that members of this House can obtain arms and ammunition immediately?

The Honourable Sardar Vallabhbhai Patel: If any Honourable Member of this House experiences any difficulty in the matter I will see that it is remedied. If any member gives me information that he is unable to get arms I will see that he gets them.

Mr. Ahmed E. H. Jaffer: May I ask whether the Honourable Member is aware of the fact in Bombay arms and ammunition dealers are forbidden to sell arms and ammunition to anybody? In the circumstances how can we obtain the arms and ammunition we require?

آنریبل مولانا ابوالکلام آزاد : نہیں اس وقت تک ایسا انتظام نہیں ہوا ہے -

The Honourable Maulana Abdul Kalam Azad: No No such arrangement has yet been made

Mr. Ahmed E. H. Jaffer: May I ask whether the selection is made by the Federal Public Service Commission or the departmental board of the Government of India?

آنریبل مولانا ابوالکلام آزاد : سلیکشن بورڈ بتھایا جاتا ہے وہ سلیکشن کرتا ہے -

The Honourable Maulana Abul Kalam Azad: A selection board is appointed to make the selection

لالہ دیش بندھو گپتا : کیا حجاب یہ بلائیں گے کہ جو اسکالرشپ طالب علموں

کو دئے گئے ہیں ان میں سے صوبہ دہلی کے کچھ طلباء کو ملے ہیں -

Lala Deshbandhu Gupta: Will the Honourable Member tell us how many of the scholarships awarded have been given to the students from the Delhi Provinces?

آنریبل مولانا ابوالکلام آزاد : اس کے لئے نوٹس چاہئے -

The Honourable Maulana Abul Kalam Azad: I want notice

REVISION OF THE SALARIES OF THE STAFF OF THE CANTONMENT BOARDS IN INDIA

1454. ***Mr. Hafiz M. Ghazanfarulla:** Will the Secretary of the Defence Department please state

(a) whether any scheme for revising the salaries of the staff of the Cantonment Boards in India is under the consideration of Government,

(b) whether the Pay Commission is considering the question of increase in pay of Cantonment Boards in India, and

(c) when the question about the revision of salaries of Cantonment Boards will be decided?

Mr. G. S. Bhatia: (a) No, Sir, the salaries of the staffs of Cantonment Boards are fixed by the Boards themselves, not by the Government of India.

(b) No, Sir

(c) Does not arise

ASSAMESE IN THE GOVERNMENT OF INDIA SECRETARIAT

1455. ***Sreejot Rohini Kumar Chaudhuri:** Will the Honourable the Home Member be pleased to state

(a) the total number of Assamese serving in the Government of India Secretariat at New Delhi,

(b) the number of Assamese Officers in the various departments of the Government of India in New Delhi other than the Secretariat,

(c) whether the Federal Public Service Commission notifications appear in any daily newspaper in Assam, if so, in which daily, and

(d) whether Government propose to publish all Government of India notifications in the daily papers of Assam, as they are being published in the other provincial dailies?

The Honourable Sardar Vallabhbhai Patel: (a) and (b) Excluding interior staff, fourteen in the Secretariat and twelve in the Attached Offices Information about the number of Assamese in the various Central subordinate offices in Delhi is not readily available

(c) Yes, *Assam Herald* and *Shillong Times*

(d) Government notifications regarding recruitment will continue to be advertised in the *Assam Herald* and *Shillong Times*

Sreejut Rohini Kumar Chaudhuri: The two papers mentioned by the Honourable Member are weekly papers

The Honourable Sardar Vallabhbhai Patel: These are not daily papers. We shall write to the Public Service Commission to see that some daily papers are included. Are there any daily papers?

Sreejut Rohini Kumar Chaudhuri: Yes *Assam Tribune* and *Assamiga*. As regards (b) my information is that there is not a single Assamese officer in the Secretariat

Mr. President: He must accept the information of the Honourable Member.

Sreejut Rohini Kumar Chaudhuri: May I ask whether the Provincial Governments are asked to send in names at the time of selecting the secretaries and Assistant Secretaries from amongst Provincial services?

The Honourable Sardar Vallabhbhai Patel: The Provincial Governments are not consulted. It is the Federal Public Service Commission that advertises and makes the appointments

DATE OF COMPETITION EXAMINATION FOR ALL-INDIA SERVICES TO BE HELD BY THE FEDERAL PUBLIC SERVICE COMMISSION

1456. *Maulana Zafar Ali Khan: Will the Honourable the Home Member be pleased to state

(a) whether the attention of Government has been drawn to the advertisement published in the *Statesman* dated the 24th March, 1947 regarding the holding of a combined competitive examination by the Federal Public Service Commission for recruitment to the various All-India Services on the 1st July 1947 and subsequent days,

(b) whether Government are aware that the month of July is unsuitable climatically for holding such an examination,

(c) whether Government are aware that previously All-India Examinations have always been held in the winter season from October to March,

(d) the reasons for departing from the previous practice,

(e) whether Government are aware that the University Examinations for M A in the Punjab are scheduled to be held from the middle of May to the end of June,

(f) whether Government are aware that by adhering to the present date for the examination all students of the Punjab University appearing in the M A Examination will not be able to take part in the combined examination, and

(g) whether Government propose to consider the advisability of postponing the examination to October?

The Honourable Sardar Vallabhbhai Patel: (a) Yes

(b) to (d) Examinations are normally held in winter but in 1946 it was not possible to hold an examination at all. It was therefore necessary to arrange for an examination as early as possible in 1947, subject to the other commitments of the Federal Public Service Commission

(e) and (f) Government have no specific information regarding dates of the M A Examination of the Punjab University but as Lahore is one of the Centres at which the examination is being held, Government do not think there is a case for a change of date

(g) No

DUTY ON TOBACCO LEAVES AND STALKS

1457. *Sri Bhagrathi Mahapatra: (a) Will the Honourable the Finance Member please state whether Government are aware that in assessing duty upon the country tobacco, the stalks are weighed along with the leaves?

(b) Are Government aware that the stalks are not required for any use and that these stalks weigh almost 45 per cent of the entire weight?

(c) Is there any provision in the existing rules or laws for charging duty on the stalks at a rate different from that charged on the leaves?

(d) Do Government propose to make the stalks free from charge of duty?

(e) Is there any difference in quality between the tobacco produced in one crop soil and that produced in two crops soil?

(f) Is there any difference in the sale prices and also in the rates of excise duty in respect of the said varieties?

(g) Are the chewing tobacco (without stalks) and the cheroot tobacco (with stalks) subjected to equal duty?

The Honourable Mr. Liaquat Ali Khan: (a) The stalk that is to save the trunk or ascending axis, of the tobacco plant is not ordinarily weighed with the leaves at the time of assessment to duty. In some parts of India, however, the whole plant is harvested, and if the tobacco is presented for assessment in this state assessment has necessarily to be based on the total weight of the tobacco including the stalk. If, however, as is ordinarily done, such tobacco is stored in a bonded warehouse, the owner may then detach the leaves from the stalk and may have the tobacco reassessed and since stalks are subjected to a concessional rate of duty this is generally done.

(b) Stalks are known to be used in certain parts of India in the preparation of chewing tobacco and hookah tobacco. The percentage weight of the stalk is of no consequence as stalk and leaves are almost invariably presented for assessment separately.

(c) Yes

(d) No

(e) This question should be addressed to my Honourable colleague, the Member for Agriculture.

(f) The selling price of tobacco presumably depends to a large extent on its quality. The rate of duty depends upon the purpose for which the tobacco is to be used.

(g) Chewing tobacco and cheroot tobacco are liable to the same rate of duty.

LABOUR FORCE IN THE ORDNANCE FACTORIES.

†1458. *Mr. Manu Subedar: (a) Will the Secretary of the Defence Department be pleased to state what the total amount of labour force now being employed in the Ordnance factories is as compared with the years 1944-45 and 1945-46?

(b) What is the total value of Ordnance materials sold to the public and what is the total value of production, which could have been kept by Government for their own uses?

(c) What is the percentage of overhead costs to this total?

†Answer to this question laid on the table, the questioner having exhausted his quota.

(d) Have Government reached any decision as to (i) whether the Ordnance factories should be permanently maintained and, if so, which munitions they would produce, and (ii) whether the Ordnance factories should be given over to private enterprise for being adapted to peace-time industry?

Mr. G. S. Bhalja: (i) The total labour force in the Ordnance Factories on 1st February, 1947 was 31,882 as against a monthly average of 95,930 in 1944-45 and 76,372 in 1945-46

(b) The total value of all sales and services on payment including those for civil Government Departments, such as Railways, during the first six months of 1946-47 was Rs 48,32,451. The total value of production for the Defence Services during the same period was Rs 321,82,461

(c) On an average 44 per cent of the total price is due to overhead charges

(d) (i) Yes, Sir Government have decided to maintain permanently sixteen of the existing factories. They will manufacture specialised items of armaments and other military equipment

(ii) No, Sir. It is not the intention of Government to hand over to private enterprise the manufacture of armaments and other war like stores

HOLIDAY CAMP FOR TROOPS AT KODAIKANAL

1459. *Captain G. T. B. Harvey: Will the Secretary of the Defence Department be pleased to state

(a) when sanction was accorded for the construction of a Holiday Camp for Troops in Kodaikanal,

(b) the amount which was originally sanctioned,

(c) the amount which was actually spent,

(d) how many troops, excluding staff, was it intended to accommodate,

(e) how long was it actually occupied by troops on leave,

(f) whether the Camp is still in use, and if so, for what purposes,

(g) the average number of troops on leave who used the Camp, and

(h) whether the Camp was ever full and if so for what period?

Mr. G. S. Bhalja: (a) 11th August 1944

(b) Rs 2,12,555

(c) Rs 2,50,000

(d) Two hundred British other Ranks

(e) 30th April 1945 to 30th September 1946

(f) No, Sir, it is surplus to military requirements

(g) and (h) The information is being collected and will be laid on the table of the House in due course

Captain G. T. B. Harvey: Has the Honourable Member any information as to whether the landlord has yet received any rent for the land on which the camp was established?

Mr. G. S. Bhalja: Rent is being paid regularly to all owners of requisitioned properties. I do not know whether this particular owner is receiving rent or not

Captain G. T. B. Harvey: May I ask whether the Honourable the Defence Secretary remembers that I raised this question about three weeks ago?

Mr. G. S. Bhalja: I shall have to make inquiries. I have called for a report

Sri M. Ananthasayanam Ayyangar: Are there any other similar camps in this country or is this the only camp?

Mr. G. S. Bhalja: There are others.

Sri M. Ananthasayanam Ayyangar: All of them are surplus and are not going to be used?

Mr. G. S. Bhalja: I must ask for notice.

Mr. Manu Subedar: As soon as this white elephant became surplus, why was it not disposed of? What is the Government's difficulty in its orderly disposal and in thus saving rent?

Mr. G. S. Bhalja: My Honourable friend seems to be under a wrong impression. The assets were sold by auction on the 24th February 1947. The buildings have been pulled down but the bricks have not yet been cleared and the land has therefore not been released yet.

Mr. Manu Subedar: Who is the officer responsible for not disposing of this in an orderly manner and making this country liable for further payment of rent in connection with this land?

Mr. G. S. Bhalja: There is no delay in this particular case in disposal. As soon as the camp was declared surplus, the assets were sold and action is being taken to release the land.

Sri M. Ananthasayanam Ayyangar: May I know if the Provincial Government was asked if it could make use of it or if it could purchase it, because Kodakanal is a sanatorium and these beautiful buildings could have been made use of?

Mr. G. S. Bhalja: I am afraid I have not got the information, but the usual practice is that before property is disposed of to the public it is offered to the Provincial Government. I should be surprised if the same procedure was not followed in this case.

Sri M. Ananthasayanam Ayyangar: What was the original cost and what was the cost recovered by the auction?

Mr. G. S. Bhalja: The original cost, as I said, was Rs. 2,50,000. I am sorry I have not got the figure with me of the amount recovered in auction.

Lala Deshbandhu Gupta: One such holiday camp was in the northern India at Simla in the district of Simla and it was used for the U.S.A. forces. May I know what has happened to the buildings being vacant there?

Mr. G. S. Bhalja: I am afraid it does not arise out of this question.

MOVE OF CERTAIN OFFICES TO SIMLA AND THE PAUCITY OF RESIDENTIAL ACCOMMODATION IN SIMLA

†1460. ***Shri D. P. Karmarkar:** With reference to the news published in newspapers regarding the proposed move of certain offices to Simla in April 1947 will the Honourable the Home Member be pleased to state

(a) whether Government propose to give an assurance that all officers and clerks moving to Simla will be provided with Government accommodation,

(b) whether Government have taken into consideration the fact that a majority of clerks moving to Simla are temporary and will, in the near future be either discharged or re-posted to Delhi, thereby causing unnecessary expense to the Government and inconvenience to those re-posted to Delhi;

(c) whether Government are aware that there is a paucity of private accommodation in Simla and unless Government take steps either to provide accommodation or to requisition any available accommodation the staff will find themselves stranded and will be put to heavy expenses to secure suitable accommodation, and

(d) what the anticipated expenditure involved in this move is?

† Answer to this question laid on the table, the questioner being absent

The Honourable Sardar Vallabhbhai Patel: (a) to (d) The question concerns the Works, Mines and Power Department. It has accordingly been transferred to that Department and will be answered by the Secretary of that Department on the 10th April 1947

INDIAN AND EUROPEAN OFFICERS IN THE NASIK PRESS

1461. *Sree Satyapriya Banerjee: Will the Honourable the Finance Member be pleased to state

- (a) the number of Indian and European Officers in the Nasik Press
- (b) the number and names of persons, Indians and Europeans, employed in this Press who have received training abroad,
- (c) whether Government propose to consider the desirability of eliminating European Officers and employing Indians in their place, if so, the period required for the complete Indianisation of the Press, and if not, why not, and
- (d) whether Artists, Engravers, Photographers, Machine-minders and Head Checkers receive daily wages, if so whether Government propose to consider the advisability of introducing monthly salary instead of daily wages?

The Honourable Mr. Liaquat Ali Khan: (a) and (b) I lay on the table of the House a statement which gives the information desired by the Honourable Member

(c) I would invite the Honourable Member's attention to the reply given by me on the 17th March, 1947 to part (c) of starred question No 979 asked by Mr Sasanka Sekhar Sanyal. Based on the dates of their normal retirement, the last non-Indian officer is due to retire in February, 1970, but in view of the imminence of major constitutional changes, this date may well be advanced

(d) All workmen in the Security Printing, India, are daily-rated at present. A scheme for placing a portion of the daily-rated establishment on a monthly-rated basis is under Government's consideration

STATEMENT

(a) Number of Indian and European Officers in the Nasik Press

	Indian	European
Class I (Gazetted)	5	
Class II (Gazetted)	1	
Other Officers (Non-gazetted)	131	

(b) The number of persons, Indians and Europeans, employed in the press, who have received training abroad, is indicated below, along with their names:—

Indians	Europeans
(1) Mr V R. Godbole.	(1) Lt -Col. R C G. Chapman, RE.
(2) Mr I M Dase.	(2) Major C. C. Rosbury, RE.
(3) Mr S V Agastie	(3) Mr. W S C Macey
	(4) Mr T I Archer

Sri M. Ananthasayanam Ayyangar: Was this matter relating to the wages and salaries of the persons working in the Nasik Press also referred to the Pay Commission?

The Honourable Mr. Liaquat Ali Khan: The question of the salaries of the employees of the Government of India had been referred to the Pay Commission

Sri M. Ananthasayanam Ayyangar: May I infer from the answer given by the Honourable Member that the recommendations of the Pay Commission in regard to this matter are under the consideration of the Government?

The Honourable Mr. Liaquat Ali Khan: All the recommendations, or shall I say all the tentative recommendations, of the Pay Commission are under the consideration of the Government

PURCHASE OF MATERIALS FOR THE NASIK PRESS

1462. *Sree Satyapriya Banerjee: Will the Honourable the Finance Member please state the amount of annual purchases of materials for the Nasik Press during the last three years and the agency which was responsible for these purchases?

The Honourable Mr. Liaquat Ali Khan: I lay on the table of the House a statement which gives the information desired by the Honourable Member

Statement of annual purchases of materials such as Paper, Ink packing materials and miscellaneous stores and spare parts, made for the Nasik Press during the years indicated below

	1943-44	1944-45	1945-46
Stamp Press	Rs	Rs	Rs
(i) In England, through the Indian Stores Department	48,500	61,000	1,23,000
(ii) In India, through the Supply Department	46,500	23,31,000	25,70,000
(iii) In India by direct purchase by the Master, Security Printing, India, Nasik Road (in exercise of the financial powers delegated to him)	32,99,000	11,48,000	11,26,300
Total Stamp Press	33,94,000	35,40,000	38,19,000
Currency Note Press			
(i) In England, through the Indian Stores Department	42,66,000	32,25,000	15,08,000
(ii) In India, through the Supply Department	96,000	1,38,000	1,32,000
(iii) In India by direct purchase by the Master, Security Printing, India, Nasik Road (in exercise of the financial powers delegated to him)	4,89,000	1,76,000	2,36,000
Total Currency Note Press	48,51,000	35,39,000	18,76,000
Grand Total	82,45,000	70,79,000	56,95,000

Mr. Manu Subedar: Having regard to the very excessive price which we are paying for the paper on which bank notes are printed, may I know what efforts Government have made in order to secure the manufacture of such kind of paper in this country under Government control?

The Honourable Mr. Liaquat Ali Khan: I must ask for notice of that question.

LOSS IN THE GRAIN SHOP ATTACHED TO NASIK PRESS

1463. *Sree Satyapriya Banerjee: Will the Honourable the Finance Member please state whether there was a loss of Rs 90,000 in the grain shop attached to the Nasik Press, if so, the reasons for this loss and the steps taken to recoup this loss?

The Honourable Mr. Liaquat Ali Khan: I would invite the Honourable Member's attention to the reply given by me on the 17th March 1947 to starred question No 978 asked by Mr. Sasanka Sekhar Sanyal.

MOBILE EXHIBITION TO TOUR MIDDLE EAST

***1464. *Prof. N. G. Ranga:** Will the Honourable Member for Information and Broadcasting be pleased to state—

(a) whether the Mobile Exhibition to tour Middle East Countries, sanctioned by the Standing Finance Committee on the 30th July 1946, has taken shape and has gone on its tour,

(b) if so, what countries have been so far covered and with what results,

(c) whether non-official organisations have co-operated with it and if so what are they, and

(d) whether Government propose to invite the Federation of Rural Peoples Organisations also to offer its co-operation?

The Honourable Sardar Vallabhbhai Patel: (a) The Standing Finance Committee did not sanction the scheme to send a Mobile Exhibition to the Middle East. The scheme was accordingly abandoned.

(b) to (d) Does not arise.

DEVELOPMENT SCHEMES OF PROVINCES

***1465. *Prof. N. G. Ranga:** Will the Honourable the Finance Member be pleased to state—

(a) whether Government are getting any periodical reports from Provincial Governments regarding their developmental schemes which are in receipt of Central assistance,

(b) whether Government have any administrative machinery to keep in touch with the progress of provincial developmental plans and activities, and

(c) whether non-official organisations have co-operated with it and if so consolidated report once in a year or once in six months about the progress of various developmental schemes and activities towards which Government of India are making grants?

The Honourable Mr. Liaquat Ali Khan: (a) The Provincial Governments have been asked to supply annual reports. The first reports which will deal with the financial year 1946-47, are due on the 1st of July, 1947.

(b) Officers, of the Central departments concerned with development are in constant touch with the corresponding departments of the Provincial Governments, and the work is co-ordinated by a branch of the Cabinet Secretariat.

(c) This will be considered when the Provincial reports are received.

† Answer to this question laid on the table, the questioner being absent.

UNSTARRED QUESTIONS AND ANSWERS

BANKS AND AMOUNT OF DEPOSITS HELD BY THEM

118. Mr. Vadilal Lalubhai: Will the Honourable the Finance Member be pleased to state

(a) the names of Banks in the country with their capital both authorised and issued separately, and

(b) the amount of deposits held by each of them?

The Honourable Mr. Liaquat Ali Khan: (a) and (b) The attention of the Honourable Member is invited to the Statistical Tables relating to Banks in India and Burma for the years 1944 and 1945, published by the Reserve Bank of India.

CANDIDATES INTERVIEWED BY THE FEDERAL PUBLIC SERVICE COMMISSION FOR THE RECRUITMENT OF ONE INFORMATION OFFICER

119. Sardar Mangal Singh: Will the Honourable the Home Member please state the number of candidates interviewed by the Federal Public Service Commission in the beginning of September 1946 in connection with the recruitment of one Information Officer, the number of candidates who possessed the requisite paper qualifications and the total expense incurred in calling the candidates for interview?

The Honourable Sardar Vallabhbhai Patel: All the candidates who possessed the requisite paper qualifications were summoned for the interview. Their number was 27. It is not possible to give an estimate of the total expenses as many of the candidates had applied for and were interviewed simultaneously for other posts. Moreover, candidates from the Provinces travelled on railway warrants issued by the military authorities.

PROSECUTIONS BY THE ANTI-CORRUPTION DEPARTMENT

120. Sardar Mangal Singh: Will the Honourable the Home Member please state

(a) the number of officers above the rank of Sub-Inspector employed in the Anti-Corruption Department community-wise,

(b) the number of Government servants from each community prosecuted during the years 1945 and 1946,

(c) the number of successful prosecutions during the above period, and

(d) the amount of money spent by Government on these prosecutions during the two years referred to in part (b) above?

The Honourable Sardar Vallabhbhai Patel: (a), (b), (c) and (d) The information has been called for and will be laid on the table of the House when received.

SHORT NOTICE QUESTIONS AND ANSWERS

PURCHASE OF THE CRUISERS "AJAX" AND "ACHILLES"

Mr. Manu Subedar: (a) Will the Secretary of the Defence Department please state whether the attention of Government has been drawn to the question and answer in the House of Commons relating to the cruisers "Ajax" and "Achilles", which are reported to have been sold to India?

(b) Why was no statement on this subject made to this House at any time or included in the Explanatory Memorandum on military finance, or in the remarks of the Secretary of the Defence Department on the Budget?

(c) When was this arrangement concluded, by whom, at what price and who determined whether the price was correct and not unfavourable to India?

(d) Are Government aware that these cruisers took part in the war and were damaged, and, if so, have Government got information about such damage and the nature of repairs, which these cruisers have undergone?

(e) What other information are Government in a position to give this House on this subject?

Mr. G. S. Bhalja: (a) Yes, Sir

(b) and (c) The intention of the Government of India to acquire these cruisers was published in a press note, dated the 16th February, 1946. The matter was placed before the Defence Consultative Committee on the 20th April, 1946. The attention of the Honourable Member is invited to the Memorandum on this subject giving details of the transaction that was placed before the Standing Finance Committee of this House, of which the Honourable Member is a member, on the 19th February 1947. Attention is also invited to the Explanatory Memorandum on the Budget Estimates of the Defence Services for 1946-47 and 1947-48.

(d) These ships took part in the Battle of the River Plate. They suffered damage of a comparatively minor nature, and were afterwards fully repaired. The 'Achilles' has recently been refitted, and the Admiralty have undertaken to refit the 'Ajax' at H.M.C.'s expense before making her over to India.

(e) The whole question of the purchase of these cruisers is under review by Government, as part of the larger question of the size of the post-war Armed Forces.

Mr. Ahmed E. H. Jaffer: Is it not a fact that the Defence Consultative Committee did object to buy more than one cruiser? May I ask the Government why they decided to overlook the decision of the Defence Consultative Committee?

Mr. G. S. Bhalja: My Honourable friend seems to be under a wrong impression. The Defence Consultative Committee, on the other hand, endorsed the decision of Government.

Mr. Ahmed E. H. Jaffer: I am sorry. I meant the decision of the Standing Finance Committee.

Mr. G. S. Bhalja: No, Sir, even the Standing Finance Committee has not objected to this proposal. I have not got here the proceedings of the Standing Finance Committee, but speaking from memory what the Committee decided was that for the present one cruiser should be purchased and that the question of purchasing the other two cruisers should be deferred.

Mr. Manu Subedar: Does the Honourable Member recall that last year and at every conceivable opportunity, I have been asking why these cruisers of the same class which U.S.A. was blowing up at Bikini should be transferred to this country and why this country should acquire them, old, damaged and repaired ships, instead of buying new ones? Will Government now take all these into account and will they tell this House that these negotiations will be terminated and that attempts will be made to acquire new and up-to-date vessels and not these old and ramshackled ones?

Mr. G. S. Bhalja: The answer to this question would require a long statement. But briefly stated, it is a wrong impression that these cruisers are obsolete ones. Government are advised by their military experts that these cruisers are best suited to Indian needs. So far India had only a small navy which was fit only for coastal defence but as India now aspires to have a bigger navy, this is the first step towards expansion and enlargement of the Royal Indian Navy.

Sjt. N. V. Gadgil: Is it not a fact that in the Standing Finance Committee the recommendation was made with respect to only one cruiser?

Mr. G. S. Bhalja: Yes, Sir I said so

Diwan Chaman Lal: What steps do Government propose to take to prevent the acquisition of more than one cruiser?

Mr. G. S. Bhalja: I said in reply to part (e) that Government are reviewing the whole position as part of the larger-question of the future size of the armed forces

Mr. Yusuf Abdoolo Haroon: Who were the military experts who gave this advice?

Mr. G. S. Bhalja: His Excellency the Commander-in-Chief as advised by the Commander-in-Chief of the Royal Indian Navy

Mr. Manu Subedar: Apart from India having to acquire ramshackled, old, damaged and repaired cruisers, may I know who are the Government of India experts in the matter to fix prices and who see that this country is not mulct with unnecessary heavy cost in the matter of cruisers?

Mr. G. S. Bhalja: The Government of India's Advisers in the matter of price fixation are obviously the Finance Department

Mr. Manu Subedar: May I respectfully lodge a protest against the Defence Department transferring the burden of determining the prices to the Finance Department. May I know whether it is suggested that the Finance Department has expert people possessing knowledge of construction and condition of ships of this character who will value them and who will say that a new cruiser would cost so much, the repairs would cost so much, and that such and such a price would be a fair price for a second hand cruiser. May I know whether instead of transferring this burden to the Finance Department, the Defence Department would not see that India is not paying a higher price?

The Honourable Sardar Baldev Singh: The question of purchase of cruisers is still under consideration. We have not as yet come to any definite decision. This matter has been re-opened again and we are considering whether we should purchase these things or not.

Mr. Manu Subedar: Will the Defence Department take into account the sentiments expressed on the floor of the House generally supported on all side of the House?

Mr. Ahmed E. H. Jaffer: Is it a fact that these cruisers were widely advertised for sale by H M G and that no countries offered to purchase them and that is why these are being dumped on India?

Mr. G. S. Bhalja: It is far from the truth. There has been a good deal of competition for these cruisers from the Dominion Governments.

ORDINANCE FOR BETTER CONTROL OF PRESS IN DELHI AND OTHER CENTRALLY ADMINISTERED AREAS

Lala Deshbandhu Gupta: Will the Honourable the Home Member be pleased to state

(a) whether Government have been receiving reports of the proceedings of the *Ad hoc* Press Advisory Committee which was appointed at the instance of the Honourable Member,

(b) if so whether it is a fact that some of the local Muslim papers, figured in the list of those who infringed the Code fixed by the *Ad hoc* Press Advisory Committee, and

(c) whether it was due to such cases of infringement of the Code that Government had to issue an Ordinance for the better control of the Press in Delhi and other centrally administered areas?

The Honourable Sardar Vallabhbhai Patel: (a) Government are being furnished only with relevant extracts and not a complete record of proceedings. The committee was, however, set up at the suggestion of the Press and not at my instance

(b) Yes

(c) Continued breaches of conventions were one of the factors which influenced Government in the matter.

Mr. Ahmed E. H. Jaffer: May I know whether these breaches are committed only by Muslim press or by the Hindu press also?

The Honourable Sardar Vallabhbhai Patel: This was answered last time. There is no suggestion that the breaches were committed only by one section of the press. Several papers committed breaches and they are all under examination.

Khwaja Nazimuddin: May I know if it is a fact that after the recent ordinance breaches have been practically confined to non-Muslim papers?

The Honourable Sardar Vallabhbhai Patel: This is not at all true. This question was answered last week. I gave a list of several papers which committed breaches and then names were submitted to the Press Advisory Committee, who after examination submitted their report which is under examination now.

RETRENCHMENT IN THE GENERAL HEADQUARTERS

Mr. Manu Subedar: (a) Will the Secretary of the Defence Department please state whether Government have examined the question of retrenchment from the point of view of every post in the General Headquarters which did not exist before the War?

(b) How many of these posts and their occupants have been retrenched up to the 31st March, 1947, and how many are scheduled to be retrenched during the year 1947-48?

(c) How many officers getting more than Rs. 300 were in the General Headquarters (i) before the war and (ii) at the peak periods, and (iii) how many are there at present?

Mr. G. S. Bhalja: (a) The question of retrenching all unnecessary posts in General Headquarters is constantly under review. This review covers all appointments in General Headquarters whether existing before the war or not.

(b) 1,683 appointments were retrenched up to 31st March 1947 and 748 are due to be retrenched by the 1st October 1947, according to present plans.

(c) (i) 233, (ii) 2,865, (iii) 1,105

Mr. Ahmed E. H. Jaffer: May I ask whether it is a fact as was said the other day by the Honourable the Leader of the Opposition on the floor of the House that the Telephone Directory occupies 42 pages over the names of members of G. H. Q. without the Air Force Headquarters? If so, may I ask what steps are taken to reduce it?

Mr. G. S. Bhalja: The entries in the Telephone directory are surely not an index of the necessity of the staff. They are meant mainly for the convenience of the persons who have to use the Directory. If they are scattered all over the directory then it will cause inconvenience.

Mr. Yusuf Abdoolo Haroon: May I know whether these posts are under review by the officers of G. H. Q. or by the Secretary?

Mr. G. S. Bhalja: It is under constant review by the Defence Department.

Mr. Ahmed E. H. Jaffer: Are these matters placed before the Defence Consultative Committee with regard to retrenchment?

Mr. G. S. Bhalja: No, Sir. If the Honourable Member so desires he can give notice that the subject may be included in the agenda.

Mr. Manu Subedar: Even on the figures given by my Honourable friend in spite of the constant efforts made for retrenchment the number of officers is five times as much as before the war, and will Government consider the desirability of associating with the Defence Department some civil retrenchment body who will cut this down more rapidly than appears to be the case at the hands of the constant review which my Honourable friend spoke of by the military people?

Mr. G. S. Bhalja: My Honourable friend should know that at present the Defence Department is engaged on three major problems, namely, re-organisation, demobilisation and nationalisation, each one of them requires considerable planning and a number of staff officers. As regards the suggestion to associate non-official opinion with the review, the Honourable the Finance Member has already declared his intention to appoint an Economy Committee which will go into the expenditure of all departments, including the Defence Department.

Mr. Manu Subedar: Can the Honourable Member explain why in spite of all that is said the number of officers at G. H. Q. drawing more than Rs. 800 should be five times as much as before the war?

Mr. G. S. Bhalja: This number is quite necessary in order to enable Government to carry out planning in various matters, as I have just indicated.

Mr. Yusuf Abdoolah Haroon: Is it a fact that only one meeting of the Defence Consultative Committee was called and there is now no intention of calling another meeting?

Mr. G. S. Bhalja: I am glad my Honourable friend has raised this question. I asked the Chief Whip of Government and several Honourable Members of this House who are members of the Committee whether they would like to have a meeting immediately now or immediately after the close of the session. The unanimous reply was that they would like to have the meeting postponed and have it some time in May.

Diwan Chaman Lal: As a member of the Defence Consultative Committee may I point out that I have not been asked and therefore there could be no unanimous decision? Is it not a fact that my Honourable friend Sardar Surjit Singh Marthia has already sent a letter asking for a meeting of the Committee to be held on the 25th of this month?

Mr. G. S. Bhalja: My Honourable friend Sardar Surjit Singh Marthia has told me that the desire of Honourable Members of the House is that the meeting should be held on the 5th May because that suited the members of the Muslim League.

Mr. Ahmed E. H. Jaffer: Why should a meeting of the Committee be held after the session thus causing unnecessary waste of public money, and why should it not be called during the session?

Mr. President: That matter may be discussed outside the House.
SPOKESMAN OF COCOANUT OIL AND ASSISTANCE TO SOAP INDUSTRY

Sree Satyapriya Banerjee: Will the Honourable Member for Industries and Supplies be pleased to make a statement

(a) on the position of coconut oil in India for edible and manufacturing purposes

(b) on the supply of coconut oil from Cochin, Travancore, Ceylon, and Malayan countries,

(c) on the control on coconut oil produced in India during and after the war and the reasons therefor

(d) whether attempts are being made on behalf of the Government of India to secure supply of coconut oil from Ceylon direct instead of through England.

(e) whether coconut oil produced in Malayan countries is under the control of Washington and nothing is imported into India from those countries now and whether Government propose to start negotiations with the authorities of Washington for securing some supply of coconut oil from Malayan countries;

(f) whether Government have received any representation from manufacturers of soap for the de-control of cocoanut oil in India and, if so, what action has been taken thereon,

(g) whether Government propose to consider the advisability of making distribution of cocoanut oil for manufacturing purposes through Manufacturers' Association concerned and, if so, the desirability of making suggestions to the Provincial Government on this line, and

(h) whether Government propose to consider the advisability of starting negotiations with the Government of Indonesia to secure the supply of palm oil and copra from them?

The Honourable Sri C. Rajagopalachari: (a) The position regarding consumption of cocoanut oil for edible purposes cannot be appraised. The consumption for industrial purposes is estimated at 106,000 tons per annum. The total available supplies are 46,000 tons from Ceylon and 59,600 tons from indigenous production per annum.

(b) The Central Government have placed price control on both Indian and Ceylon cocoanut oil. The Cochin and Travancore Governments have suggested that the surplus that they could export per year is 43,000 tons from Travancore and 5,000 tons from Cochin. Ceylon has sold all their exportable surplus oil to the U.K., and the U.K. has allotted us a quota of 46,000 tons in 1947. There have been no imports from Malayan countries as yet, but negotiations are going on with the International Emergency Food Council for allocation from Malaya.

(c) There was no control on indigenous cocoanut oil during the war. Control was introduced in December 1946 because prices of cocoanut oil had gone up enormously. The price of cocoanut oil in December, before the control, was Rs. 2,250 per ton as compared with the pre-war prices of Rs. 217 in 1939, Rs. 274 in 1939, and Rs. 900 per ton in 1945. The control has an aspect of help to indigenous production, as minimum prices have been guaranteed to the producers.

(d) Ceylon has contracted with U.K. for the sale of its exportable surplus to U.K. for five years, and the U.K. has guaranteed us an allocation of 46,000 tons per year for the next four years. We are not in a position, therefore, to negotiate direct with Ceylon.

(e) All supplies of coconut oil in Malaya, the Philippines, etc., are under the control of the International Emergency Food Council who have guaranteed us an allotment of 7,000 tons from the Philippines, 10,000 tons from Netherlands East Indies, and 5,000 tons from Malaya. As regards the coconut oil from Philippines and Netherlands East Indies, we have found very expensive. As for the Malayan coconut oil the allocation is not final and we are still in correspondence with regard to prices, etc., through our representative at Singapore.

(f) Soap manufacturers want more allotment but have not suggested decontrol. They naturally fear a complete collapse if control were lifted.

(g) The Central Government makes direct allotments of coconut oil to the larger soap manufacturers, in accordance with the Press note, dated the 15th October, 1946, a copy of which is placed on the table. The balance is divided amongst Provincial Governments, to whom the detailed distribution within their areas is left, and who can therefore be approached by the manufacturers' associations concerned.

(h) The suggestion will be taken up for consideration.

Press Note

SHORTAGE OF COPRA AND COCONUT OIL

GOVERNMENT ASSISTANCE TO SOAP INDUSTRY

The Government of India have for some time been considering the question of instituting a control over the price of Indian copra and coconut oil in consultation with the Governments of Madras, Travancore Cochin and Mysore. Such a control will become necessary if prices do not fall substantially with the arrival of the new crop which is expected to be good both in India and Ceylon.

Prior to the outbreak of war, India used to import 200,000 tons of copra per annum. Internal production largely confined to Madras Province and Travancore and Cochin States is in the region of 200,000 tons. There is no supply at present from Far Eastern sources because of dislocation in production caused by the war and the demands made on the limited quantities available as a consequence of general shortage all over the world in oils and fats. The Ministry of Food, H. M. G. have purchased the entire output of Ceylon copra and coconut oil for the five years ending December 1950. Of the total Ceylon production, a quota of 65,000 tons in terms of copra has been allocated to India for the year 1946. It has not been possible to obtain a larger quota for this year, but there is reason to hope that the quota will be larger in succeeding years.

Of the 65,000 tons allotted to India for 1946 only a small quantity has arrived so far, on account of a short fall in the Ceylon crop for 1945-46. But it is hoped that the bulk of the quota will be received by the end of the year. Indian copra would also arrive in large quantities by then and internal prices should fall substantially.

Since the entire Ceylon crop has been purchased by H. M. G. it will not be possible for some time to import Ceylon coconut oil over and above the quota obtained as a direct 'Government to Government' transaction. Should any importer however find it possible to import the oil from other sources any reasonable assistance to secure it will be given, Copra and coconut oil are now on the Open General Licence.

Indian demands for coconut oil as a raw material for industry have increased largely on account of the expansion of the soap industry which developed considerably during the war. The only alternative to coconut oil in the manufacture of soap is hydrogenated oil of which only small quantities are available at present. Provision has been made for such supplies in the prospective expansion of the hydrogenated oil industry.

QUOTAS FOR SOAP MANUFACTURERS

Numerous applications are being made to the Government of India for assistance in the matter of supplies. The only oil which the Government are in a position to distribute is the imported oil, which is at present very limited in quantity. The Government of India have already allotted the meagre supplies of Ceylon coconut oil for industrial purposes, particularly to the Soap Industry, which is largely dependent on coconut oil and is, therefore, likely to be at a disadvantage compared with the foreign soap industry which is able to get coconut oil at lower prices than those prevailing in India today. With the exception of a few special cases direct quotas have been granted only to soap manufacturers whose average production of soap over the last few years has been over 30 tons per month. The Government of India have placed substantial portions of the imports at the disposal of the Governments of Bengal, Bombay, Sind, the Punjab and Bihar for purposes of distribution, at their discretion for domestic consumption and small scale industry. Applicants in these areas who have not been allotted any oil quota should, therefore, approach the Provincial Governments. They should take note of the fact that the bulk of the available coconut oil is of Indian origin and that the distribution of this is not controlled.

DEPARTMENT OF INDUSTRIES & SUPPLIES,

New Delhi, October: 15 1946

Shri Mohan Lal Saksena: Is it not a fact that although the control price of coconut oil has been reduced it is not available in the market?

The Honourable Sri C. Rajagopalachari: It is possible that some would be purchasers do not find it in the market.

Shri Mohan Lal Saksena: Is it not a fact that complaints have reached the Honourable Member that the oil is not available in the market?

The Honourable Sri C. Rajagopalachari: I have explained the whole position about the quantities available from imports and the quantities available in India, and that is the answer to the Honourable Member's question. I have

also explained the difficulties about any further increase in the imported quantities, and the available quantities are distributed, as I have said, to the larger soap manufacturers who have to compete with imported soap and who have been in the manufacture for the last five years, and more. The bigger ones thus having been supplied the smaller manufacturers have to obtain the balance from the quota allotted to provincial Governments. Some difficulty is bound to be felt so long as the shortage continues.

Shri Mohan Lal Saksena: Is it not a fact that the removal of control on oilseeds has effected a reduction of the price of oilseeds?

The Honourable Sri C. Rajagopalachari: The price of oilseeds and oil has gone down in some places but in a few places it seems to have gone up. But it is a matter of opinion whether it has gone up above the black market price or above the control price, but coconut oil is very different from the other oils. Coconut oil is an industrial product in great demand about which I have explained the position and removal of control will bring utter confusion to the manufacturers who have to depend on that oil.

MOTION FOR ADJOURNMENT

PULLING OF THE CHAIN AND THE LOOTING OF LUGGAGE OF PASSENGERS AT

HARDWAGUNJ RAILWAY STATION

Mr. President: I have received a notice from Dr. Zia Uddin of his intention to move an adjournment of the House to discuss a "definite matter of urgent public importance, namely the incident at Hardwagunj Railway Station on the 5th April where the train was stopped by pulling the chain and the passengers were stoned, their luggage was looted forcibly, trunks were opened in the adjoining fields and the contents were removed. The reason for bringing the motion of adjournment is that the entire incident took place on account of the failure of the railway administration in not providing accommodation for the people returning from *Ganga Ashnan Mela* at Rajghat on the 5th April 1947."

I need not comment on the form of the notice, the form is obviously not one that could be entertained, but it may be amended if the motion is otherwise held in order.

May I know where Hardwagunj is situated?

Dr. Zia Uddin Ahmad (United Provinces Southern Divisions Muhammadan Rural) 7 miles from Aligarh in the Aligarh District in the United Provinces.

Mr. President: As I see the adjournment motion and as the Honourable member gives the reason for it—namely failure of the railway administration in not providing accommodation for the people returning from *Ganga Ashnan Mela* at Rajghat on the 5th April, 1947—the complaint seems to me that because additional trains were not provided, therefore there was overcrowding.

Dr. Zia Uddin Ahmad: May I explain?

Mr. President: The Honourable Member may hear my doubts first, and then he may explain.

The sequence stated in this adjournment motion is that because trains were not provided, therefore probably there was overcrowding. But I do not see any connection between the overcrowding causing inconvenience to the passengers, and the pulling of chains, and further looting of the train by some people. If at all it is the result of any failure, it is the failure at the most of the Provincial Government to provide security to people who are travelling in trains.

Dr. Zia Uddin Ahmad: May I explain the connection? On the 5th April the students of the Dehra Dun Forest College who were going to Etawah had reserved a carriage for themselves. The Aligarh University Hockey team was returning from Dehra Dun by the same train. Few students who were friends of Forest College Students were sitting in the reserved carriage. At Rajghat station *Ganga Ishman Mela* was returning and for want of accommodation those passengers tried to force their way into this reserved carriage. The students refused to allow them because the carriage was reserved. Then all these people sat down on the top of the carriage and on footboards and travelled to Hardwagunj Railway Station where they secured help of other persons. At Hardwagunj these people shouted that those were the Aligarh boys—and they were in fact not Aligarh boys, they were students of the Forest School, Dehra Dun—who had treated them badly, and that that was the time to take the revenge. One of the men who went forward was a demobilized soldier. They pulled the chain, belaboured all those passengers, especially the students, took their luggage away and stoned a number of students as well. The driver took the engine to Aligarh—it is 7 miles away—the engine returned with a police guard which controlled the situation. The communists took up the opportunity, and they spread rumours that about 25 Aligarh students were killed and a good number was detained. A large number of students gathered together to release the students reported to have been detained at Hardwagunj. The city people also began to mobilise. The situation threatened to be very serious. The District authorities however controlled the situation in the town and the Proctorial staff of the University checked the students. The exact position was explained. Therefore the question is that had proper accommodation been provided for these people at Rajghat this incident, which has occurred and which would have become very serious, would not have occurred at all.

It was not only on this occasion, but on another occasion similar things happened at Dadri station. The luggage in each case was looted.

Mr. President: I think this explanation is enough for the purpose of judging the admissibility of the motion. I do not see any connection at all, and what happened cannot be the direct result of the failure of the Government of India to provide additional trains. If there is any connection at all, it is so remote that it cannot be taken into consideration. I do not see how I can admit this motion, and I therefore rule it out of order.

ELECTION OF A MEMBER TO CENTRAL ADVISORY COUNCIL FOR RAILWAYS

Mr. President: I have to inform the Assembly that up to 12 Noon on Monday, the 7th April, 1947, only one nomination was received for the sixth vacancy on the Central Advisory Council for Railways. I, therefore, declare Captain G. T. B. Harvey to be elected to the Council, the election of which is now complete.

RUBBER (PRODUCTION AND MARKETING) BILL

The Honourable Sri C. Rajagopalachari (Member for Industries and Supplies). Sir, I move

"That the Bill to make provision for assistance to the rubber plantation industry by regulating export from and import into British India of rubber and the sale of rubber therein and by other means as reported by the Select Committee be taken into consideration."

Mr. President: Motion moved.

"That the Bill to make provision for assistance to the rubber plantation industry by regulating export from the import into British India of rubber and the sale of rubber therein and by other means, as reported by the Select Committee, be taken into consideration."

Mr. Tamsiruddin Khan (Dacca cum Mymensingh Muhammadan Rural): The Bill appears no doubt to be a necessary one, but there are certain provisions of the Bill which I think require explanation. Under this Bill a Board with wide powers is proposed to be constituted. I refer to clause 4 of the Bill. There, representation is proposed to be given to the Government of Travancore which will nominate as many as three members, and two members will be nominated by the Government of Cochin.

There is another committee—I refer to clause 7 of the Bill. A committee will be constituted which will be called the Rubber Price Advisory Committee. There also there will be representatives of the States.

My point is that this measure will extend to British India only and not to any Indian States. That being so, why representation and such a high representation is proposed to be given to certain States? It will appear, Sir, that the operative provisions of the Bill will not at all apply to the States. I refer to clauses from 11 onwards,—clause 11, Power to prohibit or control imports and exports of rubber, then clause 12, imposition of rubber cess; then clause 13, power to fix maximum and minimum prices for sale of rubber; then clause 14, Licensing of transactions in rubber; and so on and so forth. These will not apparently apply to the Indian States. I see that if these provisions do not apply to the Indian States it will be a great handicap to fulfil the objects of this measure, but even if we have to take things as they are why such representation is proposed to be given to the States on the Board I do not know. Probably the Government of India have come to some arrangement with the Indian States. If that is so it should be explained whether the States also have agreed to pass identical legislation to impose cess and do all these other things. If that arrangement has not been arrived at, I think the producers of rubber in British India will be put to a great disadvantage their prices will be fixed, they will have to pay cess and there are other restrictions. It may be that on account of all these restrictions production of rubber will be encouraged in the Indian States whereas it will have a discouraging effect on the producers in British India. These are some of the provisions which seem to be inexplicable. I hope the Honourable Member will explain that before the Bill is taken into consideration clause by clause.

I have also certain objections to certain other clauses to which I shall refer when the clauses are taken up one by one.

The Honourable Sri C. Rajagopalachari: I am grateful to the Honourable Member for having raised this difficulty and I shall explain at once.

The object of the Bill has been made clear and that is why I did not make any statement when moving that the Bill be taken into consideration. But I see that an explanation is necessary. The production is almost entirely in the Indian States referred to. The position with regard to marketing is this. The manufactures are in British India i.e. the manufacturers of products out of rubber. The raw material for that manufacture is produced in the States as well as roundabout in Malaya and other places outside India. During the war those places outside India which produced rubber went out of possession and during the war valuable service was rendered by the rubber plantations in India to fill up the gap. At present we have come to peace time. Production outside India and production inside India have to compete with one another to some extent now. The outside production is cheaper. But if we allow Indian manufacturers of rubber goods to depend upon cheaper rubber outside India the net result will be that the plantations in the Indian States—the production in India being entirely in the Indian States—will get out of production. The cultivation will go probably to coconut and other alternative agricultural produce and then one of the most important strategic materials required for national self sufficiency will be lost. It is therefore absolutely

[Shri C. Rajagopalachari]

necessary to retain the production in India at the level at which we can keep it and improve it inspite of the difficulty in regard to marketing. The manufacturers have been very good and they have even in anticipation of this Bill, accepted a price which is above the world price but which will maintain production in India economically, and after this Bill is passed, the power will be taken by the Board to fix the price from time to time, which will maintain in the internal production of rubber in India without loss and help to improve its quality and the manufacturers of rubber goods will purchase almost entirely this production and supplement it with rubber imported from outside. That is the reason why the Bill concentrates on import control and really places no restrictions—as it has emerged from the Select Committee—on movement or upon internal sale and purchase. The Control will be to keep the imports at such a level that the internal production of rubber may not suffer. That is the position.

As regards the constitution of the Committees, seeing that this measure is for the protection of the rubber growers, it is necessary to have them in the Committees in order that their views may be taken into account in fixing the prices. The States who are the main producers have agreed to follow up this legislation similarly in their own States so that there will be no want of co-ordination as regards representation it is in due proportion to the importance which these State producers have in regard to production. British Indian legislation is necessary in order that the manufacturers of rubber goods might be controlled and that import may also be controlled and in the interests of all the parties this Board has been constituted. It was thought that the manufacturers of rubber goods in India had not sufficient representation on this Board. That was a defect in the original Bill, but after the Select Committee has handled it that defect has been rectified. We have now representatives of the manufacturers as well as representatives of the producers of rubber in due proportion. As regards the fixing of prices, it is not a matter of voting, nor can we control world prices through voting. It is to be done by agreement and that is why adequate representation is given to manufacturers and producers in the Select Committee as the Bill has come out. The Price Committee is almost an independent body though nominated by the Board. But the representation is such that the manufacturers of rubber goods as well as producers of rubber will have an equal voice and the Government will be there to understand the whole position and to decide what should prevail and what regulations should issue. There is nothing unfair in giving the States the representation provided for because they are the major partners in the business of production, and there will be no domination by the States such as was suggested in the speech of the Honourable Member. On the contrary they are also split again and they will divide their representation in proportion to their importance. I suggest that there is no defect in the Bill as it has emerged from the Select Committee in regard to this matter.

As regards the agreement of the States, they have agreed, and they will follow up with legislation on the same lines. The apparent defects in the clause with regard to control are also illusory. The licence provisions have been altered to make it practically a free licence. The control will be on imports and that is for the protection of the indigenous production and the manufacturers have to be protected because an undue fixation of prices which may not suit the conditions under which the manufacturers will have to work may not be proper.

I hope the Honourable Members will accept this explanation and pass this Bill without any difficulty.

Mr. Tamisuddin Khan: I accept the explanation. But can the Honourable Member tell us what proportion of the entire production of rubber in India is produced in British India and what proportion in Indian States?

The Honourable Sri C. Rajagopalachari: It is infinitesimal. The production is mostly in Travancore. I think the Honourable Member from the European Group may give some information on the matter.

Mr. President: The question is—

"That the Bill to make provision for assistance to the rubber plantation industry by regulating export from the import into British India of rubber and the sale of rubber therein and by other means as reported by the Select Committee be taken into consideration."

The motion was adopted.

Mr. President: The question is—

"That Clause 2 stand part of the Bill."

The motion was adopted.

Clause 2 was added to the Bill.

Mr. Tamisuddin Khan: Sir, I move—

"That in part (b) of clause 3 of the Bill, the words 'or holds stocks of rubber' be omitted."

This is the definition of dealer. The definition as it stands will also include persons who are not dealers at all. I refer to manufacturers of rubber tyres and other articles. They have to hold stocks and sometimes large stocks for the purpose of manufacture. If they are to be regarded as dealers that will create complications. I would therefore suggest, if it is not difficult, for the Honourable Member to accept this amendment so that complications like this may be avoided. I do not know if the acceptance of the amendment will cause any further difficulty in other ways.

Mr. President: Amendment moved.

"That in part (b) of clause 3 of the Bill, the words 'or holds stocks of rubber' be omitted."

The Honourable Sri C. Rajagopalachari: If the provision with regard to dealers be kept in mind, it will be seen that there is no harm in the definition as it stands. There is no imposition of difficulties on dealers as such nor are they penalised in any manner. The Honourable Member must remember the definition of rubber. It does not cover manufactured goods but only crude rubber in some form or another. The dealer has to be under control so that there may be no subterfuge against import provisions, as it is defined now. If I accept the Honourable Member's suggestion that we exclude people who hold stocks for manufacturing purposes, there may be difficulties caused and the control may become absolutely impossible.

Mr. Tamisuddin Khan: Sir, I beg leave to withdraw my amendment.

The amendment was by leave of the Assembly withdrawn.

Mr. President: The question is—

"That Clause 3 stand part of the Bill."

The motion was adopted.

Clause 3 was added to the Bill.

Mr. S. Guruswami (Nominated Non-official): Sir, I beg to move—

"That in sub-clause (3) of clause 4 of the Bill the following new part be added at the end, namely—

"(1) three members to represent labour in rubber production and marketing nominated by the Central Government in consultation with labour organisations."

Mr. President: I am sorry it is not possible for me to waive the notice with reference to this amendment. The Honourable Member can speak either for or against the clause.

Mr. S. Guruswami: Sir, as my amendment cannot be moved I would like to remind the Honourable Member in charge of this Bill that when this matter was discussed last time Mr Joshi pointed out the *lacuna* in the Bill, viz., absence of labour representation in the constitution of the Rubber Board. There is provision for the representation of the rubber growers and manufacturers in India. But so far as labour is concerned they come within the jurisdiction of the all India bodies like the Trade Union Congress and the Indian Federation of Labour. We do not want to stand at the mercy of the Indian States for this purpose. Here is an occasion to implement a cardinal principle which is followed in the case of other measures, namely recognition of labour representation. Therefore I would appeal to the Honourable Member to modify this clause to make provision for labour interests being voiced in the Rubber Board.

Mr. N. M. Joshi (Nominated Non-Official) Sir last time when the motion made, that the Bill be taken into consideration I had sent notice of this amendment myself but the Bill was sent to a Select Committee. Unfortunately neither myself nor my two other labour colleagues had the good fortune to be members of the Select Committee and it seems that our case has gone by default. It is true that the amendment to clause 4 sub-clause (3) was sent too late and I admit, so far as I am concerned, that it is due to my inactivity. I do not wish to defend it but I think that although I may have been guilty of inactivity I should not allow this opportunity to go without my putting forward the view that in a Board which has to control the production, manufacture and marketing of rubber there should be place for workers who take part in the production, manufacture as well as marketing. Among the growers of rubber there are large numbers employed on rubber plantations who are labourers. In the rubber factories there are large number of industrial workers. Similarly in the marketing companies also there are employees who take part in the marketing. I feel that these persons who are labourers or workers or shop assistants play as important and essential a part as other sections which take part in the production, manufacture and marketing of rubber. Their interests in the industry as a whole should be recognised and they should have a voice. Quite rightly I recognise that those people who put their capital in the rubber plantations or those who put their capital in the rubber manufacture and who put their capital in the rubber trade should have some voice in the management of a Board of this kind. But I feel that the interests of the workers are even larger than the interests of other sections in the industry. Take for instance the interests of the capitalist growers, the capitalist manufacturers and the capitalist traders. Their object is to make profit. If they can make a profit by growing less rubber, they are not interested in growing more rubber but they will grow less rubber. Similarly in regard to manufacturers if they can make larger profits by manufacturing less quantity of rubber they will do so. The same position will apply to the trade. If by having a smaller trade they can make larger profits they will contract their trade. But that is not the position in the case of the people who work as employees on rubber plantations, rubber factories and rubber shops, trades or companies. Their interest lies in having more employment. They are interested in larger production, larger manufacture and larger trade in rubber. To my mind the interests of the employees are larger in these various forms of the industry than the interests of those people who engage their capital in this industry. I feel that the Government of India is not doing justice in omitting to give this people who are interested in having larger production, manufacture and trade in rubber.

I have heard it said many times here as well as outside when we considered the question of strikes that labour should treat itself as a partner in industry. Is this the way of recognising the partnership of labour in this industry? If labour is to consider itself as a partner in industry, then this is not the way

to treat labour. These labourers may not be educated nor have the political influence which other sections may have but they understand this much, that if there is a board and they have no representation, they are not partners. They are mere wage slaves. If you treat them as wage slaves they will become wage slaves. This is how we produce wage slaves. I therefore feel that it was wrong on the part of Government to have omitted to give some representation, some recognition of the fact that labour is a partner in the industry. You cannot treat them as tools by merely using the word 'partners'. Recognise then partnership when an occasion arises and then it is quite possible that labour may feel sometimes that they are partners. I therefore hope that the Government will still consider this question. They will have an opportunity in the Council of State to rectify their mistake. I think it is a mistake and they should not commit that mistake. They have still an opportunity to amend this Bill and recognise that labour too has an interest in this industry. They can make that amendment in the Council of State and I have no doubt that such an amendment will be accepted by the Council of State.

The Honourable Sri C. Rajagopalachari: Sir, I am grateful to the Honourable Member for putting his point in this manner and leaving it to the Government to rectify what he calls a mistake when an opportunity might come later on. I am not giving a defence or controverting his position as to the importance of the worker in this matter, but I am giving an explanation if I may be permitted to so call it. No question in which the interest of labour employed in the plantations is involved to any extent would come up for discussion before this Board. That is the reason why representation for labour was not included in this scheme. As a matter of fact the only problems that would arise before the Board would be problems in which the conflict would be between the grower and the purchaser of rubber, namely the rubber manufacturers. In any scheme wherein the interest of labour would be concerned Government would not commit the mistake of forgetting to provide for representation of labour. In point of fact in this connection representation of labour would simply amount to representation of labour unions or some technical representation of that kind and not really those who are actually on the spot. I have already explained the circumstances attaching to this industry, but I am not proposing to say that that is a reason for not providing for representation. The reason that I have offered is that the issues involved do not cover the interests in which representation from labour would have to be provided for a discussion. That is why it has been omitted. Where there is any real necessity I am certain the Government will take into consultation representation from labour and if there is any choice, provision will be made for giving representation to labour. The main object of the Bill is to see that in the world context Indian production of rubber does not lose ground and that provision should be made for development and research in regard to production of rubber and that is fulfilled by the representation given here in the Board. I hope that though there is no amendment, Honourable Members who have spoken on that point will not imagine that we have neglected the interests of labour deliberately or otherwise.

Mr. President: The question is—
That clause 4 stand part of the Bill?

The motion was adopted.

Clauses 4 was added to the Bill.

Clauses 5 to 16 were added to the Bill.

Mr. Tamizuddin Khan: Sir, I beg to move

"That in sub-clause (1) of clause 17 of the Bill after the word 'rubber', the words 'or maintain an existing rubber plantation' be inserted."

May I also move the other amendment?

Mr. President: Yes.

Mr. Tamisuddin Khan: I beg to move.

"That in sub-clause (2) of clause 17 of the Bill, after the word 'planted' occurring in line 2, the words 'or an existing rubber plantation maintained' be inserted

Apparently there appear to be certain anomalies. I refer to clause 10 of the Bill. There provision is made for registration of plantations. Every owner will have to do that. But that refers only to existing plantations, 'land planted with rubber plants'. The question whether future planters also will have to register their plantations or not is not at all there. To that extent that clause seems to be defective. I do not know whether the idea is that so far as existing plantations are concerned these will have to be registered, but from the licences that will be taken with respect to others there will be automatic registration of new plantations. I do not know what the intention of the Government is. Apparently there appears to be a lacuna. I am not however dealing directly with that. So far as my present amendment is concerned, clause 17 (1) says

'No person shall plant or replant rubber except under and in accordance with the conditions of a special licence issued by the Board'

What about existing plantations? Apparently this refers to new lands to be brought under rubber plantation—shall plant or replant rubber. So far as existing plantations are concerned, which will continue to be maintained, neither the word 'plant' nor the word 'replant' applies to them. Therefore the conclusion is that the existing plantations are excluded from the purview of this clause. That means that regarding existing plantations no licences, at all are necessary. I do not think why that should be so. If licences have to be taken, licences must be taken by holders of existing plantations to maintain those plantations just as to make new plantations and also to replant rubber, when the existing plantations are exhausted. Therefore I think that this is a necessary amendment to fill up an obvious gap.

So far as my second amendment with regard to this clause is concerned, it is consequential. If the one is accepted the other also may be accepted.

With those few words I commend my amendments for the acceptance of the House.

Mr. President: I shall put both of them as one amendment.

Amendment moved.

'That in sub-clause (1) of clause 17 of the Bill, after the word 'rubber' the words 'or maintain an existing rubber plantation' be inserted and in sub-clause (2) of clause 17 of the Bill, after the word 'planted' occurring in line 2, the words 'or an existing rubber plantation maintained' be inserted.'

The Honourable Sri O. Rajagopalachari: I think the amendment is moved under a misapprehension. Section 17 is with reference to licences. The idea of the Honourable Member in suggesting the insertion of the words he has proposed is that there should be a complete register in the office of the Board or that of the Government or the existing plantations. Provision has been made for collection of statistics and the Board will presumably have a register of all plantations as they now stand and statistics relating thereto. A licence is to be provided for where something new is to be done and so it would be impossible to provide that no person shall maintain and must allow his plantation to go to ruin unless he takes a licence. It will be purposeless and outside the scope of the present Bill. The object of the Bill is that any changes and additions should be made with reference to conditions of development and that is why it has been provided that a licence should be sought by anyone who wants a change in the existing state of things. As regards mere registration of existing plantations no section is necessary. The ordinary function of the Board will cover that. I hope the Honourable Member will not press his point.

Mr. President: Is the explanation clear to the Honourable Member?

Mr. Tamizuddin Khan: It is not clear to me

Mr. President: May I just enquire if I am correct in understanding that in all cases, even in the existing plantations, as the Honourable Member said, no replantation will be permissible unless a licence is issued. It is not that the existing plantations will be excluded from obtaining the licence. Therefore, if you prevent maintenance of an existing rubber plantation without these licences, it will be an additional burden without any corresponding advantage.

Mr. Tamizuddin Khan: That seems to be the explanation, but I am not satisfied. Why should a distinction be made in the case of an existing plantation?

The Honourable Sri C. Rajagopalachari: In rubber plantations as trees grow out of production new plants will be put there for maintenance of the plantation as a whole. That will be covered here. It is not as if all existing plantations in their entirety are removed from jurisdiction.

Mr. President: If the Honourable Member is not satisfied, then I will put his amendment to the House.

The question is—

That in sub-clause (1) of clause 17 of the Bill after the word "rubber" the words "or maintain an existing rubber plantation" be inserted and in sub-clause (2) of clause 17 of the Bill after the word "planted" occurring in line 2 the words "or in existing rubber plantation maintained" be inserted.

The motion was negatived.

Mr. President: The question is—

"That clause 17 stand part of the Bill."

The motion was adopted.

Clause 17 was added to the Bill.

Mr. Tamizuddin Khan: Sir, I move—

"That in sub-clause (2) of clause 18 of the Bill after the word "fraud" the following be inserted, namely—

"or if the licensee contravenes any of the terms of the licence."

The objection of my amendment is obvious. It requires no explanation. What is the object of issuing these licences? The terms of the licence are not intended to be observed by the holders of the licence. I think this is a necessary amendment.

Mr. President: Amendment moved.

"That in sub-clause (2) of clause 18 of the Bill after the word "fraud" the following be inserted, namely—

"or if the licensee contravenes any of the terms of the licence."

The Honourable Sri C. Rajagopalachari: This makes the provision stiffer and more stringent. I have no objection to accept the proposal. There is a provision for punishment already but it is thought that revocation of the licence should also be provided for. I have no objection.

Mr. President: The question is—

"That in sub-clause (2) of clause 18 of the Bill after the word "fraud" the following be inserted, namely—

"or if the licensee contravenes any of the terms of the licence."

The motion was adopted.

Mr. President: The question is—

"That clause 18 as amended stand part of the Bill."

The motion was adopted.

[Mr. President]

Clause 18 as amended, was added to the Bill

Clauses 19 to 29 were added to the Bill

Clause 1 was added to the Bill

The Title and the Preamble were added to the Bill

The Honourable Sri C. Rajagopalachari: Sir, I move

"That the Bill as amended, be passed"

If you will permit me, I wish to tender my thanks to the Select Committee and to the Chairman, Mr. Griffiths, who helped to improve and secure for this Bill the unanimous consent of the persons concerned

Mr. President: The question is

'That the Bill as amended be passed'

The motion was adopted

RESERVE BANK OF INDIA (SECOND AMENDMENT) BILL

The Honourable Mr. Liaquat Ali Khan (Finance Member) Sir, I move

'That the Bill further to amend the Reserve Bank of India Act 1934, (*Second Amendment*) be taken into consideration'

Sir, this is a most important measure because it signals the emergence of the rupee as an independent currency, its delinking from sterling and its coming on to what may be termed the international standard

While before 1931 the rupee had some connection with gold, since that year it has been purely on the sterling standard, its value fluctuating in terms of other currencies according as the value of sterling fluctuated in international markets

This linking up of a currency with only one other, over the value of which there is no control, has obvious disadvantages, but as long as the currency with which the link is maintained is one of the most important currencies of the world from the point of view of international trade, is reasonably stable and is freely convertible into all other currencies there are also practical advantages in such a link. Sterling has in the past, by and large, fulfilled the first two conditions though since the outbreak of the War it has ceased to be freely convertible

The sterling link was expressed by Sections 40 and 41 of the Reserve Bank Act which compel the Reserve Bank to buy and sell sterling for rupees at certain fixed rates without limit of amount. Though these sections were designed originally only to maintain the external value of the rupee, they were used during the War to provide the rupee finance required by His Majesty's Government and other allied governments. This use of the Sections which has resulted in the creation of the sterling balances led to a widespread agitation for their repeal

This is not the occasion, Mr. President, to discuss whether these sections should or could have been repealed earlier or whether the remedy for the position that arose lay elsewhere. Suffice it to say that before the rupee could be delinked from sterling it had to be linked with something else. That something else has been provided by the International Monetary Fund

Under the International Monetary Fund, members are required to express the par values of their currencies in terms of gold and exchange rates are determined by the ratios which the par values so expressed of member currencies bear to each other. The continuance of a direct statutory link with sterling through the existing Sections 40 and 41 has therefore become both unnecessary and inappropriate

The repeal of Sections 40 and 41 and their replacement by the new Section 40 is designed to link the rupee to the currencies of all those countries which are members of the International Monetary Fund. The Reserve Bank will in future have the power, under directions from Government, not only to buy and sell sterling but other currencies as well though, in practice, it will continue as before to deal only in sterling till our foreign exchange position becomes clearer as the result of a settlement of our sterling balances. Thereafter it will begin operations in other currencies also.

It will be observed, Sir, that the exchange rate of the rupee in terms of sterling has been fixed by the Reserve Bank of India Act. Under the proposed amendments the fixation of the exchange rate is left to be determined by the Central Government. The justification for this change is, firstly, the changes in exchange rates must be made with the highest possible speed and secrecy. Secondly, the power of the Executive is not unlimited, it is being bounded by its obligations to the International Monetary Fund. Thirdly, as the rupee will in future be exchangeable with a multitude of foreign currencies, it will be inappropriate and inconvenient to lay down all the exchange rates by statute.

Sir, the other amendments to the Reserve Bank Act proposed under the Bill are consequential and confer on the Reserve Bank power, firstly, to buy and sell foreign exchange both on its own account and on account of Government and, secondly, to open accounts with foreign banks other than the currency authority of the relative country which it is not empowered to do under the Act as it stands at present. This Bill will break the statutory link between the rupee and the sterling, but by virtue of the Notifications which it is proposed to issue under the new section 40 it will not have the immediate effect either of changing the rupee sterling exchange rate or of taking India out of the sterling area. Sir, I move

Mr. President: Motion moved

"That the Bill further to amend the Reserve Bank of India Act, 1934, (Second Amendment) be taken into consideration."

Mr. Manu Subedar (Indian Merchants' Chamber and Bureau Indian Commerce) Sir, no one would be more glad than myself at the emergence of this Bill which the Honourable the Finance Member has introduced, because at no time during the last four years have I missed any opportunity either in the press or on the platform or in this House of pointing out the anomaly of the currency of this country hanging on to sterling by means of these two sections and of the abuses of these two sections for which they were never intended. This country has been bled white by a provision which existed in the Reserve Bank Act and which this Bill seeks to repeal. It has been bled white for purposes which we have not always approved and in a manner which has hurt every section and every class of people in this country and which has resulted in an enormous mass of value having been removed from this country in the form of sterling balances, which leaves us the problem of full and proper recovery of this, which has cost this country heavily.

Now, Sir, I mentioned in this House a phrase which very much stung and upset the then Finance Member. I said he was printing press Rajman, who had no concern except for the war, the whole war and nothing but the war. In other words, at that time not only the civil population but the permanent economy of this country was sacrificed by the operation of these two sections. I also complained with regard to the Indian Directors of the Reserve Bank who were sitting there. While the Finance Member was merely the agent to the United Kingdom, working in this country for the benefit of the United Kingdom, the Indian Members of the Reserve Bank Board were

[Mr. Manu Subedar]

Indians and, I said, they had failed in their public duty in not objecting to the operation of this particular section for the particular manner and for the purpose for which it was being used. Now, Sir, I rejoice, as the Finance Member has himself said, that this is the final termination of London control so far as our currency is concerned. I am very glad at the change, but I do think that the Government have rather economised legislation in the sense that they have brought in one omnibus clause which will cover the operations of the future. They have brought in a clause which empowers the Reserve Bank, which compels the Reserve Bank to sell or to buy from any authorised person who makes a demand on that behalf on such rates of exchange and on such conditions as the Central Government may from time to time by general or special directions determine.

Now, Sir, my Honourable friend Mr. Tamizuddin Khan has very rightly put an amendment which says that it is redundant having regard to the character of the Government which is in control of this country's affairs, but it says that this shall be done in the interests of India. This, however, has a very natural reaction from the fact that this very currency law was passed against the interests of India and in favour of somebody else in the past. He is very much justified and is perfectly in order in bringing this amendment.

Coming now to the details of the operation which the Reserve Bank will have to carry out, I do not see how the Reserve Bank shall buy foreign exchange from authorised agents. It will put rupees and buy other currencies from other authorised agents. Will the foreign banks hold a licence from the Reserve Bank here under the foreign exchange law? This is a small lacuna to which I draw the attention of the Government and I say that the obligations placed on the Reserve Bank are very vague. Why should it not be possible for any man to present to the Reserve Bank, for example, gold in unlimited amount and to receive dollars for that? Why should it not be possible for any man to present gold to the Reserve Bank in unlimited amount and receive rupees from the Reserve Bank? Those provisions are essential and necessary in so far as the dollar and the gold have been now taken to be the standard for this country. I do not know whether the dollar is a perfectly safe anchor for this country's currency. It is true that at the present moment it is convertible in all other currencies. It is a much desired and much coveted currency and for the time being there is no difficulty. But we do not know the course of affairs in India. I expect that on account of excessive purchases abroad, shortages of food and various other reasons which I have frequently mentioned in the House, exchanges are likely to be on the whole against this country for the next three or four years. During this period not only will there be a close regulation required with regard to those who buy foreign exchange, for which this House has already provided the Foreign Exchange Act which we passed the other day, but during this period the problems of volume and the rate of exchange value between India and foreign countries are bound to arise which will not be a plain sailing for the Reserve Bank. I do not know whether the Reserve Bank is preparing itself and has prepared itself for the responsibility which this particular Act is now laying upon them. The Reserve Bank is soon to be nationalised. The definition of 'soon' about which this House on both sides had been indulging in various jokes, varies from one week to ten weeks. Therefore, I do not know whether it will be soon.

Sjt. N. V. Gadgil (Bombay Central Division Non-Muhammadian Rural): It is not proper to call the decision of the House a joke. I do not think it is fair to the House to call its decision a joke.

Mr. Manu Subedar: I think the House has been indulging in a joke at the disappointment and frustration of members on this side of the House who wished to press the Treasury Members to go beyond the limit of the answer which has generally been 'as soon as possible'. It is a joke. My Honourable friend Mr. Gadgil thinks that I am casting an aspersions on the House. It is not so. But more than once Honourable Members of this House had the experience that the Government Member was not willing to go beyond the general formula which he gave. I think various other issues arise particularly with regard to gold. If we are on the gold standard, it will be absurd if there is to be no legal provision for the Reserve Bank to buy unlimited amount of gold and give rupee currency in its place if it is desired. There is no provision for the Reserve Bank to acquire gold in unlimited amount and give any exchange for it in the world because through the machinery of International Monetary Fund gold can buy any currency in the world. If any national in this country wanted any other currency and was willing to produce the gold before the Reserve Bank, the position that he should not get it or that there should be any conditions attached to it would be absurd, that would not be free currency, that would not be independent currency which the Honourable the Finance Member mentioned.

Sir, I have no doubt that under the conditions in the clause mentioned which the Central Government framed, this particular distinction would be made good and Government will fully consider it in the same manner as other Governments. The U. S. A. Government buys gold at 85 dollars to the oz. that bring us to the price of gold in this country, the excessive price for gold in this country is the measure of lack of confidence in the currency of the country by the population which is hoarding gold preferring gold currency to paper currency. I do not say there are no other contributory causes to the high price for gold. This is one of them. We must regard it as one of the indications of the extent to which this Government and the Reserve Bank have got hold of the affairs of the country. As soon as this government tries to put down inflation and restore order and tackle with the economic production crisis, which I mentioned the other day, as soon as measures of this kind are taken, they excite the confidence of the people. It is extraordinary that the amount of premium on the price of gold and silver is so large, and it is necessary that it should come down. It is necessary because, should the Reserve Bank find itself at any time in the position of adverse balance, I have already indicated that in the next four years the danger of such adverse balance is not imaginary, should the Reserve Bank find itself faced with that phenomenon of adverse balance, and the foreigners from whom we have been buying require payment subject to little adjustments like the time lag which can be covered by credits which may be raised from the International Monetary Fund, the position will be that the Reserve Bank will have to pay gold. If the Reserve Bank will have to pay gold, then they will have to buy gold from America and if they are to buy gold from America, the position will be one of extraordinary severity because gold price here is more than double the gold price of parity and the Reserve Bank will not get more money outside. They would get at world price in this country, they will have to pay inflated price which may exist in the market. That brings me to the question of gold reserve which the Reserve Bank has got. This gold reserve is left with the Reserve Bank, as far as I know at the old value of Rs 21-5-0 per tola. It is possibly in the neighbourhood of 40 crores. I think no more opportune moment can be taken to revalue this gold reserve, to put this position right, than now. I think the surplus arising in this manner by re-valuation—and such revaluation has been done by several Banks in several other countries—the surplus arising out of such revaluation in my opinion should be used in the first instance to pay of shareholders of the Reserve Bank. I think the balance of it should be held by the Reserve Bank in exchange reserve which

[Mr. Manu Subedar] they may use to acquire further gold. It is necessary as an article of common security and safety, not as an extraordinary measure but a normal measure for the Central Bank in this country to arm itself with a lot more gold than it possesses now. Unfortunately in this country there is a lot of loose gold in all pocket of the public, it is not the case anywhere else in the world.

Sri M. Ananthasayanam Ayyangar (Madras Ceded Districts and Chittoor Non-Muhammadian Rural) Question: How much of distress gold has found its way to England.

Mr. Manu Subedar: The total value of gold bullion in this country in the pockets of people is greater per head than in many other countries.

Mr. President: The House will now adjourn for Lunch.

The Assembly then adjourned for Lunch till Half past Two of the Clock.

The Assembly then adjourned for Lunch till Half past Two of the Clock—
Mr. President (The Honourable Mr. G. V. Mavalankar) in the Chair.

Mr. Manu Subedar: Sir, before we rose for Lunch I was pointing out that Government had exercised unnecessary economy in this legislation and had left out a good many things to be done hereafter by leaving the provision that Government will lay down conditions which the Reserve Bank will carry out. Now, Sir, the Reserve Bank, as I have previously observed, is staffed with people who are mostly with ordinary banking experience. The working of an ordinary bank and the working of a central Reserve Bank are as different from each other as chalk from cheese, and I fear that most of the superior staff of the Reserve Bank have probably not got that aptitude which is required, and it must be the endeavour of Government, I strongly urge, to induce them to acquire this aptitude and to understand and be ready for their work. In the past this institution was receiving almost what I may call instructions from the Bank of England. It was most humiliating for some of us to feel that the affairs of our country, in so far as central reserve banking is concerned, were dictated not on the initiative of an Indian nor again always in the interests of India, but that they were dictated from the Bank of England from whom instructions were received. In any case the instructions from the past Government were as good as instructions from His Majesty's Government whose agents the previous Finance Members were in this country.

Now, Sir, I was dealing with a few points with regard to gold. I feel that although technically it may be said that we have not gone to the gold standard—it is true that we have broken the link with the sterling—it will be rather difficult to describe the standard to which we have gone. If we had gone to the gold standard it would be necessary to lay the obligation on the Reserve Bank to buy and sell gold at stated prices. Even if the obligations were not to be laid on them in both directions—and I see the difficulty of not doing so—at present I do feel that the obligation on the Reserve Bank to buy gold of an unlimited amount and to any extent at the parity should be provided. Sir, the giving of licences to private people for importations has also ceased and I have urged that the Reserve Bank should be the sole importer of gold. I urged this as early as 1931 when on the Banking Commission I wrote the minority report. And I still feel that in the condition of our country where there is inordinate partiality towards gold and a desire to possess gold and where gold is not only a store of value but a reserve in which people put their savings it is necessary India is normally an importer of gold, and therefore what would be more correct than that the central banking authority should have all the gold coming to this country falling into its hands in the first instance and then being

distributed to the users if and when conditions provide for it, and stopping such distribution and leaving it in its own hands to strengthen its foreign exchange condition as and when that condition arises? Sir, it was reported the other day that as many as fifty thousand ounces of gold were imported from New York to India. This announcement came long after the issue of the private licences had been discontinued. I should like to know in whose hands this gold worth more than a crore of rupees has gone and whether the profits of this are taken by any strangers, foreigners or foreign banks, or whether the profits have come into the hands of the Reserve Bank. If they have not so come it would be a matter of great surprise and regret, and I think in future care should be taken that absolute monopoly is exercised by the Reserve Bank in the importation of gold from outside and its sale in this country, and the difference of my must remain with the Reserve Bank itself. And this difference, I urge, should go to the building up of an exchange reserve which is very necessary. As I mentioned before, this country's future in the next four years certainly in the matter of exchange will be one of some difficulty and it is only right and wise that a reserve should be built up. Now, Sir, it is a strange phenomenon that at one time about two or three years ago people were smuggling gold out of India because in the middle east the price of gold was very high. The Customs Department under the Honourable Finance Member arrested some people when they were smuggling out sovereigns from this country in a country craft. And this was the phenomenon that we used to hear. Now about a fortnight ago we heard of another phenomenon, namely, that gold coins of Iran were being smuggled into India and the customs people had again arrested these people for smuggling gold into India. Consider these two circumstances. There was a day only about two years ago when gold was being smuggled out of this country, and today the position is the other way when gold is being smuggled into the country. These are things which make you think and which I trust will make the department and its officials think what this is due to. As I said before, the premium on gold in this country reflects to some extent, at all events, a lack of confidence in the currency of the country.

It is the duty of Government to gradually work down this premium and it is their duty to take other measures which will restore the confidence, which will unburden the hoarding which has gone on in this country and which will bring more gold on the scene and bring the gold into this country into parity with gold price elsewhere. There was very high inflation in Persia, much higher than in India, at one time and therefore gold was leaving this country and was being smuggled out. Has not that inflation been put right? By what process and by what steps—I admit it has been put right with the active assistance of the United States—has it been put right, and why is it not being attempted in this country?

I want to urge that the Reserve Bank should make active efforts to pick up as much loose gold as they can get in the world and to import it. There is a certain amount of gold available, there is a great demand here, and every time the Reserve Bank brings the gold they will have almost double the price falling into their hands. In the long run, therefore this is a process which will firstly reduce the amount of inflation in this country and, secondly, it will enable the Reserve Bank to build up a considerable reserve which they could use against contingencies and exchange difficulties which may arise in the future.

I think also it is necessary, apart from selling and making profit, that the Reserve Bank should increase its own stock of gold. The time has again come when on conservative basis of finance, it is necessary to lay down the amount of solid reserve which is carried against the currency of the country which is out in the hands of the people.

Now, Sir, in reply to the question whether it was possible to have these securities repealed earlier, the Honourable the Finance Member said that it was not possible. He is, Sir, the first Indian Finance Member and it is only fitting

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that at his hands this link with London has broken, and I am glad about it, but I hope he will not try to defend his predecessor whose policy was entirely indefensible

The Honourable Mr. Liaquat Ali Khan: I am not defending anybody

Mr. Manu Subedar: I am glad I said so because I asked could they have been repealed earlier, and I heard the Honourable Member say that they could not have been. Perhaps I misunderstood it. I say it was possible, and it was necessary, and the Government have failed in their duty in not repealing these provisions at the moment when their abuse was noticed and they could have very readily and easily done so. It was not necessary for the Reserve Bank to be at the back and call and at the mercy of the Bank of England and receive all the sterling that was offered. The Reserve Bank could have said I am not willing to take this sterling.

The Honourable the Finance Member mentioned that in due course we shall lay down the rules and the rates of exchange and it and when necessary they will be notified in accordance with the correlation with the International Monetary Fund. But I say that one of the most important rules even in the International Monetary Fund is about gold, and on this I have pointed out the lacuna, and I do feel that it would be necessary in the correct regulation of this affair in our country that some attention should be paid to gold, and the Reserve Bank should be free to buy at parity price all the gold that is offered, and they should have an obligation to give rupees against gold at all times. They should have the obligation, in my opinion, to give dollars against gold at all times until our relations are established in respect of dollars as a result of our joining the International Monetary Fund. The International Monetary Fund, it may be remembered, has given an undertaking that any currency would be given by the Fund on the production of dollars by any member. It has been customary in the past in this country in regard to the matter which we are discussing, to wait and see what action everybody else in the world takes. It has been customary to drift or to wait for instructions from the United Kingdom, and I think it is my duty to utter a note of warning. The entire officialdom, both in the Centre in Delhi and the Reserve Bank headquarters and branches, have always been in the habit of waiting for instructions, but the instructions are not coming any longer. I trust that I am correct in assuming that in this particular matter India is free and will adopt freely the policy which is dictated by her genius and by the interest of this country—if that is so, the thinking machinery would have to work in Delhi on these questions. It is no use merely waiting and drifting, you will have to think out what is the best position, what is the best condition for the immediate future, and what is the best for the long distant future, what is most necessary for the convenience and economy of our country. That process in my opinion ought to take place from now. Matters may appear on a superficial examination so far as the exchange is concerned, somewhat difficult but it must be remembered that this country is now the biggest country, the leader of all Asia. We have to maintain our relations on honourable and equal terms with other countries, and therefore in some directions we have to meet their needs and their requirements. In return they would be in a position to place at our disposal valuable foreign exchange.

Has that even occurred to any official of this Government and if it has occurred may I know in which way all this is being implemented, so that while we shall be drawn in the vortex of the world fund and while we shall settle accounts as and when they arise with regard to the larger combination in the context of all the nations in the west and other American countries, may I know whether it is not possible to build up a smaller union in practice if not on paper and whether it is not possible to take the lead or initiative in the light of most

of our smaller Asiatic neighbours and to help them over and in doing so whether the Reserve Bank of India cannot play the big part which is its privilege, by geography, by history and by other conditions, to play I feel that while I welcome this measure, for which I have been insistently asking for the last four years, there has been a great economy and a great mystery in so far as one clause has been made to do the duty. It is quite adequate for the immediate purpose, but the conditions will be laid down by the Government from time to time. What are those conditions? Have Government thought of them? Will they not take this House into confidence on those conditions? If they have not thought about them, will they not do some co-operative thinking in this direction? Will they not invite public opinion with regard to what should or should not be the conditions under which this should be done? I feel that much still remains to be done. I am confident as we begin to realize that we have to shift in this world of our own, we have to think and deal independently. We have to take the initiative and not drift. We have not to wait on anyone's instructions. It is my hope that this Government and the institutions who have to manage this will really do their duty by themselves and by this country. Sir, I support this measure.

Sri M. Ananthasayanam Ayyangar: I shall not be discharging my duty to the Honourable the Finance Member and to the House if I did not say a few words on this question. The Finance Member evidently is not aware fully of the importance of the measure that he has ushered in. He is to be congratulated and it is to his good that he has introduced a measure which is one of the landmarks in the history of economic independence of India. It ushers in the economic independence before actual political independence comes in. We were tied down by sections 40 and 41 to the apron strings of the United Kingdom sterling. We had to honour them by sending goods from our country to our detriment and in return they would honour our rupees. It is one of those matters which is provided for in the discriminatory relations in sections 100 to 115 of the Government of India Act. It is for their plying their ships on the coasts of India. India can do the same on the coasts of Great Britain. Likewise this reciprocity has been allowed to us all to our advantage. I do not know how to thank the Finance Member for having introduced this measure. This once for all cuts us away from the sterling group and links us to a larger multi-lateral currency. But then we have to safeguard ourselves against one danger. We ought not to replace the United Kingdom by the United States of America. It is for that purpose I agree with my Honourable friend Mr. Mannu Subedar, who said that we must have sufficient backing for our currency in the form of gold.

The next step to be taken by the Finance Member is—we have till now the sterling as the backing for our currency—in the place of sterling we can have gold. Now that we are leaving sterling and have linked ourselves with gold or dollar, we must have gold backing for our currency or at any rate dollars. I will not recommend the dollar because we may tie up ourselves unnecessarily. Therefore, the earliest opportunity ought to be taken to have sufficient backing in the way of gold. This can be arranged in the settlement of the sterling balance. I find from the statistics that the United States of America holds the largest holdings of gold in the world. Next I think comes—we do not know the statistic of the U. S. S. R.—Great Britain. Formerly before the war France was holding more gold than Great Britain. But now the position has been reversed. Why not get sufficient quantities of gold from the United Kingdom? If in the Vaults of the Bank of England there may not be gold, the United Kingdom has arranged with the South African miners to sell all the gold produced in South Africa only to the United Kingdom. There is a kind of monopolistic agreement between them. The last time when gold was sold to this country, South Africa sold it to the United Kingdom and the United

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Kingdom sold the gold to us, thus sharing the profit between the United Kingdom and South Africa. Therefore the next step that the Finance Member has to take is to get as much gold in return for sterling balances due to us from the United Kingdom.

As regards the holding of gold in our country, it was for a long time that our people belonging to all communities in this country, have been attacked & rebuked by westerners on the ground that the only use to which we put our gold is to prepare ornaments for our wives and children and look at them and be merry. But we find that that is one of the methods by which gold could be preserved in this country. For 75 years before 1933 we had gold imported to the extent of Rs. 216 crores. Between three and four years, from 1933-37, Rs. 300 crores of gold were sent away from this country. I introduced a Bill in 1937 to prevent the export of gold except on licences from the Government of India and that to be given only for the purpose of meeting obligations which our people incurred in foreign countries by importing their articles when they cannot be adjusted otherwise than by export of gold and specie. The Governor General was not pleased to accord sanction. I had to say that the Governor General evidently is not satisfied that it would be in the interests of this country until the last grain of gold is exported from this country. He said it is not in the best interests of this country to prevent the export of gold except on a licence. Unfortunately today the gold prices have gone up and we have lost practically all the gold we had. We must make every attempt to get back gold and see if we cannot have a gold standard in this country. When our rupee is delinked from sterling, what is our standard? Is it gold or rupee or silver standard? No doubt we have become members of the International Monetary Fund and we have given par value of rupee in terms of gold which we have not. I would like that we be more realistic. We should have gold and gold must be payable with the Reserve Bank or with the supreme Bank of India in return of currencies being placed with them for exchange.

I am not in favour of smaller unions being developed though I would like Asiatic countries to form themselves into small unions. If they continue that I would urge upon our country taking the leading part in bringing about a smaller bloc. Otherwise let us not start off by dividing and splitting into various small groups destroying the efficacy of the International Monetary Fund and the Bank.

But for our partnership in the International Monetary Fund this could not have happened. Therefore it was in the teeth of opposition and in spite of adverse criticism that it would not be in the best interest to become members of the International Monetary Fund. Some of us persist in the idea that we should become members. The immediate result would be to get ourselves separated from the sterling bloc. I heartily support the motion for consideration of this Bill.

Mr. K. G. Ambegaokar (Government of India Nominated Official) I would like to answer a few of the points raised by Mr. Subedar in regard to what he considered to be lacunas in the Bill before the House.

In the first place he referred to the fact that in the proposed new section reference has been made to authorised persons and the Reserve Bank is required to have dealings with only authorised persons, and he asked the question why everybody should not be entitled to come to the Reserve Bank of India for their foreign exchange. I am afraid he has misunderstood.

Mr. Manu Subedar: That was not my point.

Mr. K. G. Ambegaokar: I might as well mention that the words 'authorised person' mean a person who is entitled under the Foreign Exchange Regulations Act to get the foreign exchange and are not restricted to 'authorised dealers' only.

Mr. Manu Subedar also raised the question about the conditions under which the Central Government will direct the grant of exchange. Those conditions will be under the Exchange Regulation Act. The intention of putting the word 'conditions' is that foreign exchange is to be made available in accordance with such regulations as might be made under the Exchange Regulation Act, that is to say not that anybody at any time should be able to get whatever foreign exchange he wants but only that foreign exchange which is allowed to him under the Act. I hope that is sufficiently clear.

The next point of Mr. Manu Subedar's was about gold. He asked why it was not made obligatory on the Reserve Bank to buy gold in unlimited quantity. He of course did not go to the extent of saying that the Reserve Bank should be required to sell gold and the reason will be immediately apparent from the fact that if the Reserve Bank were to be required to sell gold the entire quantity of gold which is held by the Bank will be lost in one day. As regards requiring the Bank to buy gold the reason why it is not laid down here is that we are not going back to the gold standard. Mr. Ayyangar seems to be of the opinion that it would be in the interest of India to go back to the gold standard. That, I am afraid, is not the view which can be shared by most advanced countries at the present time. We have all had the bitter experience of the working of the gold standard and it is because of that experience that this new arrangement of the International Monetary Fund has been evolved. That is in a way based on the gold standard and yet it is not the same as the gold standard. It is a more flexible system than the gold standard. In view of the fact that we are a member of the International Monetary Fund it is not necessary for us to go back to the gold standard in the sense that the Central banking authority of the country should be required to buy and sell gold in unlimited quantities at a particular value. Under the articles of the International Monetary Fund it is laid down

"The Fund shall prescribe a margin above and below par value for transactions in gold members, and no member shall buy gold at a price above par value *plus* the prescribed margin, or sell gold at a price below par value *minus* the prescribed margin."

Under the articles the par value of the member country's currency is prescribed and it is not necessary for the members to be required to buy and sell gold in unlimited quantities. The article I have just read out prohibits the member countries from buying gold above and selling it below the value prescribed. All the currencies of all the members of the International Monetary Fund are multilaterally convertible, so that any holding of any foreign exchange by the Reserve Bank in effect amounts to holding of gold, because they can convert dollar or any other currency into gold at any time they like. It is not necessary to lay down under the Act an obligation of the kind which Mr. Manu Subedar has pressed for. So far as the question of the Reserve Bank buying gold is concerned, the power is there. Under the main Act itself the Reserve Bank has been given the power to buy gold and silver and I have no doubt in my mind that when the Reserve Bank find it necessary and convenient they will go on buying gold and the object which my friend Mr. Ayyangar has in mind will also be served.

With regard to the apprehension in Mr. Manu Subedar's mind that the Reserve Bank authorities or the authorities of the Central Government may not be thinking ahead in regard to the various arrangements which will have to be made when we come on to this kind of arrangement, I may assure him that both the Reserve Bank and we have been doing a lot of thinking for some considerable time already. I hope he will appreciate the fact that it is not

[Mr. K. G. Ambegaokar]

possible for either the Reserve Bank or the spokesman of the Government to indicate what exactly is the line on which we are thinking. It is not in the public interest to divulge our policy in regard to this matter. Therefore I cannot expatiate on this particular point at any length but I may assure him that all the intricacies and all the obligations and difficulties that are likely to arise in regard to the management of our foreign exchange resources are being very carefully considered and whatever steps are immediately possible are being taken and will be taken.

One important point which Mr. Manu Subedar raised was regarding the revaluation of gold held by the Reserve Bank. He said that the present value prescribed under the Act is very low and this chance should be availed of to revalue it and he made certain suggestions as to the use that might be made of the surplus that may be thus obtained. The time has not yet come for doing anything of that sort for the reason that the international monetary conditions are at present unsettled and it would be unwise to alter our currency arrangements until such time as these conditions show a better prospect of stability. There are various other sections too in the Reserve Bank Act which require overhauling and we have not lost sight of this fact. Our object in moving this amendment was to get enacted very quickly the most essential measure of urgent importance. I may assure Mr. Manu Subedar and the House that we have not lost sight of the other important matters but they have to wait for a little while till our own position is a little more clear.

The idea of proceeding in this particular manner is to bring our existing arrangement into line with our obligations to the International Monetary Fund. Mr. Manu Subedar seems to be rather apprehensive that a very short section has been made to serve a very important purpose. I may assure him that the drafting has been done after very careful thinking and he will see that we have really taken care to bring in all aspects of the matter by referring to our obligations to the International Monetary Fund and by laying on the Reserve Bank the obligation to buy and sell foreign exchange.

The Honourable Mr. Liaquat Ali Khan: Sir, there is not very much that I have to add to what has already been said by the Joint Secretary. There were one or two points that were raised during the course of the debate. My Honourable friend Mr. Manu Subedar wanted to know if this Government was being dictated to by some authority outside India with regard to fiscal matters. I can assure him and the other Honourable Members of this House that since I have taken over not even the remotest attempt has been made by His Majesty's Government to interfere with our fiscal matters. We are absolutely free. We have been absolutely free to do whatever we like and there is no interference of any kind, not even any attempt at any interference by His Majesty's Government with regard to this matter.

The other point which was raised by Mr. Manu Subedar was that he wanted to know as to what were the conditions that we had thought of in regard to this Bill and he suggested to me that I should invite public opinion to make suggestions in this connection. I always welcome any suggestion that may come from any quarter and I would welcome any proposal that any Honourable Member may choose to send me in this connection. I can assure my Honourable friend Mr. Subedar and my Honourable friend Mr. Avangar that all that they have said will be taken notice of and will not just be treated as hot air.

Sir, there was one point which was mentioned by my Honourable friend Mr. Subedar. He said that people were holding gold and silver because they had no confidence in the currency of the country. I do not agree with that proposition. As a matter of fact my Honourable friend contradicted himself later on when he stated that in this country the habit of holding gold and silver

is a very old one. I do not believe for a moment that the desire on the part of the people of this country to hold these two metals is due to their lack of confidence in the currency of the country. There are, as my Honourable friend Mr. Subedar himself suggested, other considerations also and I think, Sir, if I may make bold to say so the chief consideration is the political unrest in the country and the uncertainty about the future of this country which depends to my mind on the constitutional makeup of India. Therefore I cannot agree with my friend Mr. Manu Subedar that this trend of holding gold and silver which we notice today is something new. It has always been there and if there is any extension in that it is due more to the uncertainty prevailing in the country with regard to the future conditions in India than to any lack of confidence in the currency of the country.

Sir, I am indeed very glad to know—as a matter of fact I was quite sure in mind when I introduced this Bill—that this measure will receive the general support of the Honourable Members of this House. I am glad that it has been welcomed by every section of this House.

Mr. President: The question is

“That the Bill further to amend the Reserve Bank of India Act, 1934, (Second Amendment) be taken into consideration.”

The motion was adopted.

Mr. President: We will now take the Bill clause by clause.

The question is

“That clause 2 stand part of the Bill.”

The motion was adopted.

Clause 2 was added to the Bill.

Sri M. Ananthasayanam Ayyangar: I wanted to ask one or two questions on clause 3. I would like to know from the Honourable Secretary why a period of ten years is fixed in clause 3 regarding securities. And in part (d) of this clause it is stated “the opening of an account with or the making of an agency agreement with, and the acting as agent or correspondent of a bank incorporated in any country outside India.” I can understand the Reserve Bank acting for the principal currency authority of any country under the law for the time being in force in that country. But why should it act as an agent or correspondent of any Bank incorporated in any country outside India? I want some elucidation on these two points.

Mr. K. G. Ambegaokar: In regard to the period of ten years for securities purchased I have already explained before in this House that it is necessary that the securities of the Reserve Bank should be as short dated as possible. It is one of the recognised principles of Central banking that whatever securities they hold should be short dated. Therefore a maximum period of ten years is always laid down. You will find in the existing Act also wherever there is provision for purchase of securities it is only upto ten years.

As regards the second point regarding foreign banks, the reason is that it may not be convenient in certain cases for the Reserve Bank to employ the central banks of the various foreign countries as their agent. It may be that in connection with the buying of foreign securities, for instance, they may wish to employ the services of one of the commercial banks rather than the central banking authority of the country, the commercial bank being in a better position than the central bank to fulfil this particular function. There are precedents for this. Even the Bank of England nominated a commercial bank in Canada and not the Central Bank in dealing with Canadian securities. The provision has been made for this purpose.

Mr. President: The question is

That clause 3 stand part of the Bill "

The motion was adopted

Clause 3 was added to the Bill

Mr. Tamizuddin Khan (Dacca cum Mymensingh Muhammadan Rural).—As the central idea is the same I shall move my amendments Nos. 3 and 4 together

I beg to move .

That in clause 4 of the Bill, in the proposed section 40 of the Reserve Bank of India Act 1934, the following be omitted, namely

"having regard so far as rates of exchange are concerned to its obligations to the International Monetary Fund", and

that in clause 4 of the Bill, in the proposed section 40 of the Reserve Bank of India Act 1934, after the words "concerned to" in line 7, the words "the interests of India and" be inserted "

Sir, this section deals with transactions in foreign exchange by the Reserve Bank. In respect of these transactions the Government of India will determine the rates of exchange at which these transactions can be held and also the conditions on which such transactions can be held. That is all right. But it is said further on, that the Government will determine the rates of exchange and the conditions, having regard to its obligations to the International Monetary Fund. I do not object to the substance of this. Now that India is a member of the International Monetary Fund in such transactions the Government of India cannot but have due regard to its obligations to the International Monetary Fund. That must be so. But why is it necessary to provide that in the Bill? When the Government of India will determine these things it will have to take into consideration various factors. Its obligations to the International Monetary Fund is only one of the factors. If we specify only one, that means that there is no necessity to consider other factors. That is where my suspicion arises. Therefore I say that these words "having regard so far as rates of exchange are concerned to its obligations to the International Monetary Fund" be omitted. I again repeat that I do not mean that these obligations should be disregarded. These obligations must be fulfilled by the Government of India, but other factors also will have to be taken into consideration. Therefore my proposal is that if these words are omitted it will be an improvement in the clause.

My second amendment is more or less an alternative to the first. If for any reason the first amendment is not acceptable I would propose by way of amendment my second amendment that after the words "concerned to" in line 7, the words "the interests of India and" be inserted. It will then stand like this

"having regard so far as rates of exchange are concerned to the interests of India and its obligations to the International Monetary Fund "

I can foresee one argument against my amendment. That argument is this—Is it conceivable that under present circumstances any Government of India will be oblivious to the interests of India? I quite appreciate the force of an argument like this but if an argument like this is advanced, I would say that neither is it conceivable that the present Government of India or any future Government of India will be oblivious of its obligations to the International Monetary Fund. Then why put that? If you put that in you rouse a suspicion in certain people's minds that probably that will be your only consideration. Therefore firstly I propose that the words "having regard to its obligations to the International Monetary Fund" be omitted. But it may be said that these words have been placed in the Bill and if those words are now omitted, suspicion may arise if not in India but elsewhere which may have undesirable repercussions. If that argument has any value, then

would say—let those words be there but also add to it that in determining these things you will consider not only India's obligations to the International Monetary Fund but also consider the interests of India. That is the only purpose of my amendment. Not that I have any suspicion against the present Government, but you know, Sir, that our past experience is very bitter in this respect. The disastrous financial policy of previous Governments resulted in great injury to India. That is well known. And while we legislate I think we should not look at the persons who are occupying the Treasury Benches at that particular time. Law should be impersonal. Therefore whoever may be there, the law should be such as may comprehend all possible circumstances. With these words, I commend my amendments to the acceptance of the House.

Mr. President: Amendments moved

"That in clause 4 of the Bill, in the proposed section 40 of the Reserve Bank of India Act, 1934, the following be omitted, namely

'having regard so far as rates of exchange are concerned to its obligations to the International Monetary Fund', and

"that in clause 4 of the Bill, in the proposed section 40 of the Reserve Bank of India Act, 1934, after the words 'concerned to', in line 7, the words 'the interests of India and' be inserted."

The Honourable Mr. Liaquat Ali Khan: Sir, the words which my Honourable friend wants to omit have really been inserted in order to make it clear that no arbitrary variations in the exchange rate will be made by the Central Government. That really was the object of inserting these words in this clause, although since we have accepted the membership of the International Monetary Fund it is quite clear that the Government will have to keep in view all the time its obligations as a member of the International Monetary Fund and it would not really make any difference in actual practice. I personally and the Government would really have no objection to the deletion of these words because I do feel that as long as you have any Government which has any regard for its obligations it will have to keep in view the obligation which has been imposed upon it as a member of the International Monetary Fund. But we have really put this in to measure any interest or any class of people that the exchange will not be manipulated for political reasons, that the object which any Government will keep in view would be its obligation to the International Monetary Fund and that will be the determining factor of any Government's attitude with regard to this matter.

The other amendment which has been moved by my friend Mr. Tamizuddin Khan is that the interest of India should be kept in view. Sir, I do not believe for a moment that either at present or in future there would be any Government in this country which would not keep in view the interests of India and if you have any Government which would not keep in view the interest of India, well these words in your Act are not going to make any difference. Sir, we are very near achieving complete independence of this country. The date has been announced as June 1948. Of course anything might happen but as far as any human being can foresee there is no chance of India going backwards but there is every hope and determination of India going forward and what I feel is this—that in future you will have Governments or should have Governments which should have the interest of India at heart much more than even your present Government has and it is only then and then alone that this country would really be able to make that advance and that progress which it deserves. Therefore Sir, as I said, with regard to the first amendment if the Honourable Members of this House want all those words should be deleted I shall leave it to the vote of the non-official members of this House. I personally don't think that the retention of these words in the clause would do any harm to the interest of the country. On the contrary it would have a kind of reassuring effect on various countries and various interests. We are going through a changing phase and I think it is necessary that we should not create any doubt in the mind of any section either in this country or in any other country of the world that the Government of India would use these

[**Mr. Liaquat Ali Khan.**]

powers for any other purpose except for the fiscal purpose and the economic purpose for the advancement of this country and to fulfil its obligation as a member of the International Monetary Fund.

Mr. Tamizuddin Khan: In view of the Honourable Member's assurance I ask for leave to withdraw my amendments

The amendments were by leave of the Assembly withdrawn

Mr. President: The question is

"That clause 4 stand part of the Bill"

The motion was adopted

Clause 4 was added to the Bill

Clause 1 was added to the Bill

The Title and the Preamble were added to the Bill

The Honourable Mr. Liaquat Ali Khan: Sir, I beg to move

"That the Bill be passed"

Mr. President: Motion moved

"That the Bill be passed"

Mr. Manu Subedar: Sir, I won't like to detain the House for more than a few minutes. Wise words have fallen from the mouth of the Finance Member and we all endorse the feelings, the hope and the inspirations which he has expressed and in this he has really expressed all that we are ourselves feeling on this side. There is really no difference between the two, the Government and the House, in this case. And I am very happy to learn that the Government are alive to the issues which we have raised and that on other issues they will give full consideration. The point which I made to the Honourable the Joint Secretary was in reply to him and I do not agree with him that I did not put it explicitly. The point I have in my mind is, how long is the exchange business of this country going to be in hands of non-Indian corporations. A hope was expressed—as a matter of fact the majority report laid it down very clearly—that the Central Bank which will come into existence will undertake to do this exchange business. It was further laid down that the Imperial Bank should be converted into an Exchange Bank. I do not wish to go into all the various alternatives which have from time to time been suggested, but I do feel that this issue requires thinking out. I also feel that it is not enough for the Reserve Bank merely to give, buy or sell exchange to various bodies amongst whom the most important will be the Foreign Bank Corporation. I think it may be necessary for the Reserve Bank to help in the organisation of some corporation. I believe myself that the best thing would be to have a quasi-Government corporation for this purpose so that the exchange business could be done by that corporation as a specialised exchange business in connection with the giving, buying and selling of exchange with most of the other countries.

Now, Sir, with regard to the revaluation of the gold balances. Here, again, it is undoubtedly a question of opinion. I feel very honoured when the Honourable Joint Secretary does not agree with my opinion. I still hold my opinion and consider that that is the right thing. You may not have a large sum of money lying with the Reserve Bank against an inordinate amount of paper currency, which is outstanding, valued at the absurd pre-war rate of Rs 21. Undoubtedly, it is your own reserve, it is a secret reserve. But this is purely an accounting point. The gold is where it is, only in the books and accounts of the Reserve Bank and it appears at an unnaturally low figure. Now, if you are accepting the parity given by the International Monetary Fund and therefore gold as a parity value in this country, it does seem absurd to

ignore that parity value which you have yourself accepted and proclaimed to the world that your rupee is .00 something of the gold ounce. If that is so and if you accept the gold parity in terms of your own currency, is there any sanity or probity with regard to keeping up a substantial mass of gold belonging to this country in the reserve of the country, not at this value but at some value which for some or reason it was put at. If it is so valued at a higher figure, that is, at the parity figure, what is to be done with the amount? The one thing which I do not want and I am very glad the Honourable the Finance Member did not think of this particular source for meeting his deficit and turning out like the magician from his hat 40 crores of rupees and saying that 40 crores are here and it is finished. I am very glad he did not do so because this fund is not intended for this purpose but it is *par excellence* the reserve against the outstanding currency of the country. It should be the effort of Government—in fact, the last Finance Member announced that he would do his utmost—to reduce the price of gold in this country and bring it down to parity. Since that announcement a year has elapsed. That objective was not disputed on either side. It was accepted on all sides of the House, but that objective still remains. The public has still to learn what efforts Government are making in this direction. It was in this connection that another remark of mine was I think, taken into somewhat different light by the Honourable the Finance Member. I said that the premium on gold does reflect to some extent lack of confidence in the currency of the country. Now, Sir, the position is that the premium on gold is due to many reasons. We need not go into very great minutia though I am capable of doing it. I am very conscious of all these factors and I have given many years of my thought to such topics. But even if we do not go into all the details and all the reasons which come to fix the value of gold in any particular country at any particular moment, we have to acknowledge that inflation, that is, excessive issue of notes, is undoubtedly one of the factors leading to this. If the inflation raises the price of other commodities, such as, wheat from Rs 3/4 a maund before the war to Rs 10 or Rs 11 per maund now or rice from Rs 2/8 a maund before the war to Rs 11 to Rs 16 now, if the price of these articles has gone up, will not any Member try to find out to what extent the price of gold has gone up? Relatively, it is the cheapest article in this country even at today's current prices. It has gone up from Rs 36 a tola to Rs 102 a tola. Therefore, the point to notice is that to some extent it is the reflex of the conditions in the country. If Government do anything at any time to turn the tide of inflation to bring down the prices to bring them under control and to reduce them in order to reduce the misery which millions of people are feeling, then one of the most important steps would be to reduce and check the price of gold in this country. And this could not be done unless by the measures which I indicated a little while ago gold was brought to this country by the Reserve Bank and gradually below the market parity it was sold, so that progressively the Reserve Bank brought down the prices and in the process of bringing down it collected a substantial reserve which it would use as an exchange reserve for the future. This is the direction in which I recommend that the Honourable the Finance Member and his advisers should think in connection with the larger policy of combating inflation, preventing it from going up further and attempting to bring it down. The first and the most effective method of doing this is to tackle it at the centre, namely, the value of gold in this country.

Now, Sir, we have avoided speaking about the sterling balances. It may be that we have avoided it by common consent or by unspoken agreement. But as these two sections were the papa and the mama of the sterling balances and as it is the operation of these two sections which has created an inordinate problem for this country, it seems to me that, without asking the Finance Member to say things which he is not ready to say, we were glad to receive the other day his assurance that as soon as possible attempts will be

[Mr Manu Subedar]

made to have final negotiations with regard to the return of the sterling balances by the United Kingdom. I hope, Sir, that that attempt will be made soon and that the delegation will stand as a solid rock and they will not be weakened by considerations extraneous to the interests of India and that at that time I hope the delegation will remember the words of my Honourable friend here who has expressed the belief and the belief which has been endorsed by Honourable Members of this House that this Government and anything connected with it will not be influenced by considerations other than the welfare of India at all times and in all circumstances. Sir, I support the motion.

Sri M. Ananthasayanam Ayyangar: Sir, the measure that we are passing today is consequential upon our entry into the International Monetary Fund. My Honourable friend's predecessor when he got the Bretton Woods Committee of this House appointed, he laid before that committee a statement that as soon as we entered into the International Monetary Fund and continue our membership by paying the first instalment, he would take steps to introduce a Bill amending section 40 and section 41 of the Reserve Bank Act. Therefore that has been done. Now, our membership of the International Monetary Fund has come to stay, we have paid the instalments, appointed Directors and Governors also. Now that the Bill will be passed, I want to know from the Honourable the Finance Member whether we will no longer be linked with sterling and whether we are bound to pay rupees for sterling. What steps will hereafter be taken to have backing for our currency? Will it be in sterling or any other backing? Or no backing at all? What is the view? I am yet to receive an answer. We must make the rupee currency as valuable as the dollar currency in America. That can be done only by industrialising our country and make other countries in the world covet our currency. This can be done only if rupee currency becomes really valuable. Mere backing in gold or other forms is not sufficient. The purchasing power of the country is the real backing for a currency. I am sure the Honourable the Finance Member would take steps to see that this country is industrialised and our currency really assumes an important role in the currencies of the world.

The Honourable Mr. Liaquat Ali Khan: There is only one question that I should like to reply to and this has been raised by my Honourable friend Mr Ayyangar. At present we are holding sterling as backing for rupee notes. The whole question will be examined after the settlement of the sterling balances. At present I am afraid I cannot tell anything more than that. With regard to the other point that was raised in connection with sterling balances negotiations, I can assure my Honourable friend Mr Manu Subedar that when I say, 'as soon as possible' it means as soon as possible, and if it is impossible, I cannot make it possible.

Mr. President: The question is

"That the Bill be passed."

The motion was adopted.

INDIAN TARIFF (AMENDMENT) BILL

The Honourable Mr. I. I. Chundrigar (Commerce Member) Sir, I move

"That the Bill further to amend the Indian Tariff Act, 1934, and the Sugar Industry (Protection) Act 1932, be taken into consideration."

Sir, the House may be aware that protection was granted to some of the important industries of the country after a thorough enquiry by the Tariff Board and protective duties were continued from time to time by passing various Bills in the House extending those protective duties for two years,

and in some cases for shorter period. When the last Bill came before the House, for continuing protective duties in respect of certain industries, the cotton textile industry, the iron and steel industry, sugar, magnesium chloride, silver thread and wire, wood pulp, wheat and wheat flour and certain other articles, several Honourable Members of this House urged that Government should examine the question as to whether it was desirable or necessary to continue protection to them and the then Commerce Minister gave an undertaking to the House that he will have the question examined before he came to the House again for continuing those duties. After I took charge of the Commerce Department I found that no enquiry had been made into the matter and I therefore asked the Tariff Board to make an enquiry into the question as to how far protection given to these major industries should be continued hereafter. Reports were received and considered by Government and this Bill is brought before the House to give effect to the decisions of the Government in those cases. So far as iron and steel industry is concerned, Indian companies themselves agree that except in the case of a few selected items, it is not necessary to give any protection to them. Similarly about cotton textiles, it is found unnecessary to continue protection except in so far as certain special items such as art silk and cotton fabrics are concerned. About paper and wood pulp it has been found that it is not necessary to continue protection. It was however found that it was necessary to continue protection to sugar industry. These are the main items about which the question of continuance of protective duties was to be considered. The question of granting protection to certain new industries set up during the war was also referred to the Tariff Board and as Honourable Members will find from the Statement of Objects and Reasons Government have considered the report of the Tariff Board and they came to the conclusion that protection should be given to the 11 industries mentioned there with the exception just mentioned in the Bill. I hope the House will be unanimous in recommending protection to these new industries which are to be protected against powerful interests, and that the Bill will be passed in the form in which it is presented to the House. Sir, I move

Mr. President: Motion moved

"That the Bill further to amend the Indian Tariff Act, 1934, and the Sugar Industry (Protection) Act, 1932, be taken into consideration."

Mr. Manu Subedar (Indian Merchants' Chamber and Bureau Indian Commerce) Sir, as the Commerce Minister has explained the objectives there is nothing very controversial about this Bill. But there are two or three matters in which I should like all the same to raise a comment and to get explanations of the Honourable Member is in a position and ready to give such explanations today. I find that a difference is made in the levying of duty between goods of British origin and those of other than British origin. There is no doubt that this was the practice at one time in the past, but there does not seem to be any particular point in having these distinctions now because these were not distinctions which have been dictated by any careful thinking out. I do not think it was a mandate to the Tariff Board to think out whether a single tariff for all countries would or would not be good for this country. Sir, the House may remember that in recent times there have been difficulties even with regard to the taking up of negotiation of a commerce treaty between the U S A and this country. The difficulty on the side of America was that so long as India is not in a position to give the most-favoured-nation treatment to the U S A they were not willing to make such negotiations. In any case this part of our tariff policy requires very careful consideration. I do not say that we should abolish all this here and now and at once, I am not suggesting any violent action, but I am suggesting that there should be some kind of reciprocity and some definite basis. We should not give something to somebody where we are not receiving something, and in days when it is very difficult in certain matters to secure consumer goods, if they are available from outside the British

[Mr. Manu Subedar]

Area or outside the United Kingdom, is there any reason to penalise the import of those goods into this country by putting a differential and higher duty?

The other point I should like to mention is this. I am glad that protection of iron and steel and cloth has gone, but I am quite clear whether it has gone in the sense that imports of these articles are left free of duty now or whether the duty which was called protective in the past is to be called revenue duty in the future. If it is merely a change of name then from the point of view of the consumers of these articles there is no material change, and I find it very difficult to reconcile myself to the suggestion that on the imports of paper a very heavy duty has been left and will continue under this Bill. Now, Sir, the theme which I wish to put forward and which I have once before adverted to in this House is that in order to bring down inflation and in order to make available to the people commodities which are scarce in this country and also scarce in the world, we may make for a year or two an experiment of suspending these import duties in order to see how much can come, and whether on arrival here the situation is not relieved. I do not have the slightest fear that established industry in this country will be penalised if the duties were for the time being suspended in many of these articles, for the simple reason that in very few cases goods can arrive in this country from abroad at a price cheaper than the price prevailing here, and in very few cases can any quantity arrivals be expected with any confidence. There is not much loose stuff of this kind in cloth, cement, paper; even in sugar, as far as I know, there is not much free stock in the world which can be dumped into India. And if that situation did arise, here is a wide-awake Government with the full confidence of the people behind them, and they will be able to adjust it in no time. Therefore while this Bill in its detail is one at which nobody will cavil, the recommendations of the Tariff Board have not satisfied all the people who went before them and who appear in this list on the recommendations of that Board. That Board was also human, it had much to do under a rush in a short time. And though the formula entrusted to it was a little more liberal than the one on which the previous Tariff Board had to work, even then the formula entrusted to it was in some cases so unsatisfactory and so strict that many industries could not make out a case exactly as it was wanted. For instance, they were asking industries whether after two or three years they would be in a position to compete with imports from the world. Who can say whether any industry in this country will be able to compete with imports from the world in the next two or three years? It all depends on the state of inflation, on the state of prices, on the various measures that Government may take in order to bring down this inflation, and generally it depends on very many circumstances which are certainly outside the knowledge of the poor manufacturer who is not in a position to adduce evidence of this type which I believe the Tariff Board was insisting upon. And if they were insisting upon it in that manner and in that tone I say it was wrong. That was not the spirit in which this House asked for protection being given to these people and inquiries to be made into the affairs of these industries.

Then, Sir, I mentioned the other day that there is something peculiar in the economy of this country that not only articles manufactured in the factories but the products of the field also require protection. And if we give protection to agriculture and to industry against whom is this protection? Who is the Party on whom the burden of this protection falls? As I said, there is something topsy-turvy in the economic conditions of our country. Wheat is now selling at Rs 11 as against Rs 8½/- before the war. This agricultural product is now selling at that high price and there is shortage of it. Also enormous quantities have been imported from other countries at still higher prices. In other words, there is no loose stock in the world of wheat which will be dumped into this country and dumped to such an extent that the wheat of the future will be penalised. Then why should we be putting this duty on it? I do not

know whether Government have done some serious thinking in this direction. Why should wheat and wheat flour be subject to the duties which are put down in this Bill? What inquiries have taken place so that the duty has to be renewed? Today in this country rationing is going on, people are being given only 1150 or 1200 calories as against the 1500 which even the German population is getting. In these circumstances is it right, is it wise, is it justifiable to have this duty? (Interruption from Mr Gadgil) My Honourable friend thinks I am arguing for industrial manufacture at the cost of the poor agriculturist,—I who have just suggested that import duties on certain articles of very great use to the consumers may be suspended for two years! I am accused of sponsoring industries at the cost of the poor people. Let the champions of the poor take care of the poor, meanwhile I say that on scientific grounds, on all grounds of sound finance on consideration of the consumers' interest duty on wheat and wheat flour does not seem to be apposite this year. On close examination I do see any justification for the continuance of duty. If there is any loose wheat or wheat flour, Government agents are already looking out for it.

We are moving heaven and earth and we are paying very heavy prices.

4 P M. Under these circumstances, as a purely psychological factor I do not see what possible harm there would be if these particular duties were

omitted

[At this stage Mr President vacated the Chair which was then occupied by Mr Deputy President (Khan Mohammad Yamin Khan)]

Sri M. Ananthasayanam Ayyangar (Madras Ceded Districts and Chittoor Non-Muhammadan Rural) The tariffs of a country may be so adjusted as to make or mar the industries of that country, or it is open to the Member in charge so to manipulate the tariffs as to increase the wealth of a particular country. Now, Sir, there are three kinds of duties which have come under review by this House under this Bill. Continuation of protection in the case of certain articles which have enjoyed protection for some time; imposing protective duties with regard to certain articles for the first time under this Bill, and removal of protection duties and imposition of revenue duties with respect to certain other articles. Now, Sir, with respect to the new articles for which protection is being afforded under this Bill, I would ask the Honourable Member if these matters have been taken into consideration. I am putting this question for the reason that in all cases where protection has been given—particularly the sugar industry which has been receiving protection for a number of years and which protection has been renewed from time to time—the industry has not placed itself on a sound basis, and still we find that in spite of the war and high prices the sugar industry requires protection against foreign competition when there is no foreign competition at all. Java, which has been producing as a single country the largest quantity of sugar in the world has not been in a position to import sugar to this country. Why on earth, when there is paucity of sugar in this country, we protect sugar? What have they done to the consumer in this country, they have not done well by the consumer, nor have they in spite of very heavy profits, improved the conditions of labour. But they have their own way, they neither enter to the convenience of the consumer, nor do they improve the standard of living of their labour. Therefore every one of these items requires great scrutiny before we pass this kind of legislation.

As matter of fact, it is not one Bill but it is a multitude of Bills that we have before us. On each one of these items the Tariff Board must have spent long hours and many days to consider whether with respect to a particular item it is necessary to continue protection, or not, whether for the first time protection ought to be afforded or not whether protection ought to be removed and revenue duty ought to be imposed. For each one of these I am sure the Tariff Board would have taken enormous evidence and they must have come to these conclusions. That is with respect to granting of protection regarding some of these industries. How long does he expect that these industries will take to stand up on their own legs? It is true we were under the impression that the Fiscal

[Sri M. Ananthasayanam Ayyangar]
 Commission imposed these restrictions before protection was granted. The raw material should be freely available in this country, that skilled labour must also be available, that within a reasonable period of time on account of the protection the industry would stand on its own legs. These were the conditions before protection was allowed to be granted with respect to any one industry. I believe that those principles still hold good and the Honourable Member has to satisfy us how far these industries for which he requires protection—protection means asking the consumer to pay more than what he has to pay if free trade is allowed in these commodities—how far will they succeed in standing on their own legs, what guarantees have they given, and what undertaking they have given to reduce the prices within a short time. He has also to see that when these industries are able to stand on their own legs on account of this protection that they do not exploit the consumer and put up their own prices. And may I know whether he would also see that the condition of labour is improved on account of the protection. These are the considerations which he has to place before him and on which he must satisfy this House before he comes up for affording protection.

I would say one or two words regarding the removal of protection with respect to some of the items which had a place in page 6 in the Statement of Objects and Reasons. I am referring to part (c)—namely to impose revenue duties on the following articles, i.e., wheat, wheat flour, and so on. My Honourable friend, Mr. Subedar, has said that wheat and wheat flour enjoyed protection at a time when there was foreign competition from Canada and Australia. As in Northern India wheat was suffering under foreign competition and had to be protected, we in Southern India had to protect rice from competition from Siam and Burma. Now that there is scarcity in these food commodities, it is necessary that protection ought to be removed. I believe it is on that ground that protective duties have been removed, but in their place revenue duties have been imposed. It is a question for consideration by the Honourable Member and for the House whether those revenue duties ought to be so high, until we are able to get sufficient quantities of these food materials, they need not stand on such a high level. They may be reduced.

Then as regards wood pulp and paper, on which revenue duties are proposed to be imposed, I would like to know from the Honourable Member how far we are self-sufficient in these commodities. Also whether these industries are in a position to stand on their own legs if they are able to supply all the necessary paper that we want and whether in a short time this industry would not be washed out of its feet by foreign competition?

Sjt. N. V. Gadgil (Bombay Central Division, Non-Muhammadan Rural).

I do not want to take up much time of the House, but I am often surprised when people welcome protection so far as industries are concerned but when protection in a very minor degree is given to agricultural products they turn their noses. In fact it has been always a case of mental conflict for some of us to agree to a policy of protection when that protection means so much more for consumers to pay. But in the national interest we have always accepted this policy of protecting our industries. In fact, certain conditions have been laid down when this policy of discriminating protection was accepted. But once a protection, has always been a protection. If the textile industry is not able to stand on its own legs in spite of two wars, then it is no tribute to the efficiency and up-to-date character of those who run that industry. Even now we find although the word protection is gone the word, 'revenue' is there. If the argument of my Honourable friend, Mr. Manu Subedar is to be accepted, then today there is shortage of cloth why not remove this revenue duty also so that there will be plenty of supply from outside and not only scarcity will disappear but even prices will go down and the consumers will stand to gain. But we do not go to that length. We say all right we will suffer it for the time

being because in the larger and national interests of our country we are agreeable to this policy, but when that policy is accepted it must be applied with equity and fairness to all interests concerned

Then, Sir, with regard to the point that was made by my Honourable friend, Mr. Annathaswami Ayyangar, I think that when an industry is given protection along with certain factors which are usually taken into consideration, one additional factor ought to be taken into consideration. In the protected industry the Government must secure fair conditions for labour. If that is not accepted then that industry at least has no moral claim to have protection at the hands of the Government. I do not think that it is possible to have any such thing inserted in the present Bill. But certainly the Honourable the Commerce Member will appreciate the force of our criticism, because even in Government contracts there is a fair wage clause. Whosoever comes to the Government for help must in his turn accept certain obligations and when any industry comes to the Government for protection, certainly the Government is perfectly entitled to say, all right, you will get protection, but at the same time you must secure fair conditions for the labour you employ. I hope, Sir, that this fact will be duly appreciated and remembered by the Honourable the Commerce Member.

The provisions in this Bill are practically the recommendations made by the Tariff Board. We have often pressed on the attention of the Government that instead of having an *ad hoc* Tariff Board there must be a permanent Tariff Board. We are living in unstable times. Therefore this body must be a permanent body, constantly to watch what effect the world affairs will have on our industry and from time to time they ought to advise the Government. Such machineries exist in many countries. Not only this, if I am to say that a further machinery was necessary in order to give immediate effect to the recommendations of the Tariff Board, that machinery was also made available last year and I may say it was at my instance that that Act was passed. As soon as the Tariff Board makes a recommendation and the Government accepts immediately the duties are brought into operation and the formal Bill is presented to the Legislature later on. These two things are absolutely necessary—a permanent Board and a machinery that will immediately put its recommendations into operation. The second is already there.

I do hope the Honourable Commerce Member will appreciate the necessity and utility of such a permanent Board and in due course he will bring the necessary legislation before this House.

Sri R. Venkatasubba Reddiar (South Arcot *cum* Chingleput Non-Mulim mulla Mulla). Now that this Bill is before this House I would like to suggest to the Honourable the Commerce Member instead of having a temporary Tariff Board as now to make this a statutory Board. Our country has to expand its industry and become fully industrialized. A Tariff Board of a permanent nature which is created by statute, gives powers to go into every question of the protection and the industrialists records and to come to some conclusion where necessary. The Honourable Member for Commerce will I hope agree with me that a Board of this nature is absolutely necessary.

So far as some of these industries are concerned, my Honourable friend, Mr. Ayyangar took the case of sugar. I am sorry he has misunderstood the position. I do not know how he came upon the sugar industry. It is true the sugar industry has not expanded and what is produced in this country is not sufficient. What is the reason? It is not the imposition of the protective duty or its extension. During the war the Government was purchasing a lot of sugar for the needs of the troops. When every other article went up in price 400 to 500 per cent., this was maintained at a very low level. During the duration of the war, the price of sugar was a little less than 200 per cent. of what it was before the war. Now after the war is over, the price of sugar has been raised a little. Now in the sugar industry not only the factories but the growers of

[Sri R. Venkatasubba Reddiar] sugar cane come into the picture. Most of the factories have not been paying an adequate price to the growers of sugar cane. There was a hue and cry and wide agitation as a result of which the Government took up this question and fixed the price to be offered by the factories throughout India at different rates. Now the price of cane and sugar has been controlled and yet the position is that though there is a clamour for expansion of this industry, and though there are many people who would like to start new sugar factories and there are also people who have put in applications for issue of capital, Government has not encouraged the starting of new sugar factories. Last year a number of factories were allotted to be opened in different parts of the country. In Madras Province I learnt that nine new factories have been allotted but none of the factories has been started and I am told that it will take three years before those factories begin to work. There are still further demands for a number of factories, if the Government would only encourage them and give them the necessary permission and machinery to start new factories and expand this industry, I think the country should now be in a position to meet the demands of the country and there should be no need to import sugar from foreign countries. With this import duty I would request the Honourable Member to consider the question for further expansion of sugar factories in this country.

Sreejot Rohini Kumar Chaudhuri (Assam Valley Non-Muhammadan). I am not an economist nor anything of that kind but the introduction of sugar in this debate has tempted me to say few words. When I heard of Mr. Manu Subedar in Assam I took him to be an ex-military officer. When I came here someone said he was an industrialist, some said he was a capitalist and others said that he was an eminent adviser and friend of Maharajas and Rajas. But today at least I have got to revise the opinion that I may have formed. He has once and for all spoken on behalf of the agriculturist and poor people of the villages when he has suggested that in order to make more sugar available to the poor people, the protection might be withdrawn. I entirely support him in that view. I am not very much concerned with the people of the town who may be suffering from want of sugar. They are well to do and they have plenty of sugar in their blood so they can do without sugar on the table. I am concerned with the villages. It is the policy of this Government and one which has been unblushingly given out that they do not care to distribute sugar among the villages, that they consider that molasses is a good substitute for them. In the last budget session I asked a question on this—so far as distribution of sugar in villages was concerned—and I was told that the Government of India has purposely adopted the policy of not supplying adequate quantities of sugar in the villages because they could manage without it and they could manage with molasses quite well. I want the Honourable Member to consider how it is possible for the poor sick patients in villages to depend on molasses instead of sugar. What will the patients do in the villages during their illness. They do not get sugar during their illness. How are you going to rear your babies on milk without sugar. Milk has become scarce already but even so you cannot put a pinch of sugar in it. Are you going to rear your next generation in conditions like these? There might have been some justification during the war for this control. But even during the war people could get some sugar in the villages through the military people. They will sometimes throw a packet of sugar to the village children. But now after the war sugar has become more difficult to obtain in the villages. How long are you going to submit the people to these conditions? Is it for ever? Are you going to have protection when you find that the mills in India do not produce enough for our consumption? Would it not be better to withdraw the protection for a couple of years to see how things get on? When things become plentiful, only then that protection becomes essential. The comparison between sugar and textile goods does not hold good in my opinion. I do not think there is any country in the world today which is in a position to export cotton cloth to this country. But if it is possible

that we can get some sugar from Java, it will be better in the interests of the agricultural population of the villages that some sugar was allowed to come. What we suspect is happening is this that the sugar factory owners are purposely keeping their production low, so that they may have more profit so that they may enjoy at the cost of the poor villagers. In these circumstances I would request the Honourable Commerce Member to re-consider the matter, when we are not getting sufficient quantity of sugar even for bare sustenance, would it not be possible to suspend protection for at least a couple of years?

Babu Ram Narayan Singh (Chota Nagpur Division: Non-Muhammadan). (The Honourable Member spoke in Hindustani. For Hindustani text see Appendix to the Debates for the 8th April, 1947. English translation given below—*Ed. of D*)

Mr Deputy President, Sir, the present Government is said to be a popular Government but their policy is not yet known. As yet they seem to be walking in the old beaten path. Recently it was noised about that cloth will come from foreign countries. This caused a stir among capitalists and mill-owners. They began saying that foreign cloth was coming and the industry here would go to dogs. Their noise, however, ended in a fiasco.

Sir, we know full well how these capitalists sucked the blood of the people during the Bengal Swadeshi Movement in 1905-08. It is an open secret. My friend Mr Gadgil also knows it. It is rather difficult to describe how these capitalists are today sucking the blood of the people. The ways of the present popular government are inscrutable. They say that controls are necessary, because the supply of articles is meagre. Look to the logic of these people. They say that the supply of the articles is much below the demand, hence controls, but at the same time they don't allow imports! What we have said is quite correct. If they do not agree, they are quite wrong. Control in simple language means corruption. Bribery and all sorts of vices are rampant in controls. I feel sorry to say that although Rajaji told us at the time of discussion on the budget that he would request his colleagues to lift control from all other articles except rice. We hear nothing about the lifting of controls, although our session is about to conclude. Now Mr Chundrigar says that sugar industry should be protected. Sugar factories and sugar industry is mostly carried on in Bihar. We know and the whole country knows that there is no scarcity of labour nor of raw material. Labour is cheap there and sugarcane and raw material are in plenty—nay they are more than plenty and yet they talk of protection.

It is with great sadness and feelings of shame that I say that capitalists carry favour with the Government members and God knows what else they do that they bring them round and make them to extend protection to the industry. Sir, controls and protection cannot go hand in hand. It is a very bad thing. The Government members may say that they know politics and economics. May be they knew these things prior to their coming to government but here they lose all knowledge and learning. Whatever their Departments says they do it. God knows where they lose their wisdom. They follow the dictates of their department as its true disciples. Protection should in no way be given. If they talk of protection when there is plenty of sugar, wheat and cloth in the country we can understand it and there will be some honesty in their demand. Otherwise it is a rotten and disgusting thing. We have grown tired of requesting but they give no ear to our requests. I appeal to the whole House not to pass such Bills because to pass them is sheer injustice and we commit sin instead of doing good to the country. Before talking of protection they must try to fill the country with sugar, food-grains and cloth. After these articles are plentiful in the country we shall quickly pass all the Bills in respect of protection. Till then I oppose the Bill.

The Honourable Mr. I. I. Chundrigar: Sir, excepting the last speaker, I think there was general support to the principle of this Bill. I will deal briefly with the points raised by the various members.

Mr. Manu Subedar first raised the question as to the preference given to goods of British origin over those of non-British origin, in other words the policy known as Imperial Preference. He raised the question as to whether there was reciprocity in matters of this kind. I expected him as a well known economist to know that just as we are giving preference to certain goods of British manufacture, the United Kingdom is also giving preference, so far as import duties are concerned, to several commodities exported from India.

Mr. Manu Subedar: Do the values tally? Do we not give greater in money?

The Honourable Mr. I. I. Chundrigar: Attempts were made to assess the advantages accruing to U.K. as well as to India as a result of the system of Imperial Preferences. But a question like this is very difficult to decide. Sometimes it happens that certain goods which may not find a market elsewhere find a market in a particular country and in cases of this type it is difficult to assess in money value the advantage gained. But the real reply to this question is this that the International Trade Conference is meeting at Geneva and, as he himself mentioned, the United States of America are raising the question of either the elimination or the reduction of Imperial Preferences. The Government of India also considered the question as to whether it would be in the interests of India either to maintain, modify or completely eliminate the system of Imperial Preference, and it was decided that we should await the result of the negotiations at Geneva and the entering into of any Agreements there which may affect Imperial Preference to some extent. Probably Mr. Manu Subedar is aware that the system to be followed at Geneva is going to be that any reduction in the protective duties or the revenue duties by one country would automatically reduce the difference between a preference duty and a general duty. To give a concrete instance, suppose there is a particular article the import duty in India on which is 30 per cent and the preference duty on goods of U.K. origin is 15 per cent. Then the moment the general duty is reduced from 30 per cent to 15 per cent the preference will disappear and even goods of British origin will be liable to pay 15 per cent duty. Assuming however that the duty is reduced from 30 per cent to 20 per cent and not 15 per cent then the preference duty would remain at 15 per cent and the general duty at 20 per cent, leaving a margin of only 5 per cent for goods of British manufacture. After these negotiations are completed the Government of India propose to examine whether the remaining preference duties as they would remain after the completion of the negotiations at Geneva, would still be in favour of India, after taking into consideration any preferences which goods or commodities of Indian origin will enjoy in the United Kingdom. The question will, therefore, have to be considered after we know what the situation will be after the negotiations at Geneva are concluded.

Then he raised the question about the protection of the paper industry. As to paper, I mentioned at the time of my opening speech that a very large number of items of common use do not require any protection at all. The prices of those qualities of paper in India are not higher than those prevailing elsewhere. But there are certain types of paper and other paper manufacturers which are not produced in sufficient quantities in India and where our production is not sufficient for the purpose of meeting our complete requirements. It is only about those special items that some measure of protection will be given. So far as the others are concerned, no protection is to be given.

Mr. Subedar also raised the question as to whether Government should not adopt a policy of importing as much as possible by removing the duties on articles which are in very short supply in the country. I want Members to

realize that the real difficulty in securing larger supplies is not the import duties which we levy but the difficulty in procuring these articles which are in short supply all over the world. Even if we remove the duty, it will be impossible for us to import more than what we are able to do now. Irrespective of import duty, the Government of India are making efforts to import as much as they can of these articles in short supply and they are not able to do so—not on account of the price factor or the factor regarding the import duty but really on account of the world shortage.

Mr. Manu Subedar: May I know whether the Honourable the Commerce Member and the Honourable the Supply Member who is also by his side, have not failed to relax sufficiently the rules and give freedom to importers to have licences for the import of that type of building steel which many of them are ready to import and in respect of which impossible conditions have been made by the Supply Department that only consumers can import, whereas consumers are not familiar with the trade machinery and they do not know to whom to write and from whom to get it?

The Honourable Mr. I. I. Chundrigar: Mr. Subedar continues repeating the same point though it has been replied to both by the Industries Member and myself before. The point is if the price of the article in India is, say, Rs. 100 and we are going to get that article from foreign countries at, say, Rs. 150, the whole price structure of the indigenous production will be affected. Wherever it is possible to have a kind of pool arrangement—and Mr. Subedar is well aware of the introduction of that pool system regarding aluminium—Government is allowing the imports by that arrangement. I may inform Mr. Subedar that I have asked the Trade Commissioners in almost all the countries which are producing this kind of steel and other articles, to inform Government what are the quantities which will be available to us and what would be the minimum prices at which we can get them. As soon as their report is received we will consider what can be done in the matter.

Then he referred to the question about wheat and the question about sugar was raised by several members of this House. I may inform those members that it is generally overlooked by them during the discussion of this question that both wheat and sugar are rationed articles. The Government of India have been importing wheat at a price which is much higher than the indigenous price. The Government of India are subsidising these imports in order that wheat may be sold and in order that sugar may be sold at the prices fixed in India. The price of the imported article, both wheat and sugar, is much higher than the price at which it is being sold here. The difference in price is paid by the Government of India as a subsidy. That is why it is being sold even at the present price which is naturally much higher than the pre-war price. But the question is this. The import duty so far as wheat and wheat flour is concerned, even though it existed on paper was removed by an executive order because after all if the duty on wheat and wheat flour had been continued Government would have paid it as the importer and Government would have received it as the government of the country. So it was suspended by executive action. The same was the case with sugar. Sugar today is imported only by the Government. It is imported without any duty because it is government import. Even then Government have to subsidise it in order to make it available to the public at the indigenous price. Now, it was stated by Mr. Ram Narayan Singh that there is enough of labour in Bihar.

Sri V. Gangaraju (East Godavari and West Godavari *cum* Kistna Non-Muhammadan Rural) May I know why rice is not included in that?

The Honourable Mr. I. I. Chundrigar: Rice was not given protective duty before. Therefore it is not mentioned. The same is the position about rice.

Mr. Ram Narayan Singh said that there is enough labour in Bihar and enough sugarcane in Bihar and why is it that we are not able to produce more

[Mr. I. I. Chundrigar:]—There is the difficulty that our sugar mills are working to their maximum capacity and it is not possible for them to produce more sugar. During the war it was not possible to import any machinery for the sugar factories. In fact the report of the Tariff Board which is before me shows that out of 150 sugar factories in India nearly 90 of them are a unit which is smaller than any economic unit.

Babu Ram Narayan Singh: The report is that they do not produce sugar to the extent they can.

The Honourable Mr. I. I. Chundrigar: I will reply to that 90 out of 150 sugar factories are not large enough to be an economic unit and they would require expansion as soon as they can get more machinery. In fact, there are sugar factories which would produce more sugar if they had sugarcane but the difficulty is either of transport or of the sugar content. We have got a research institution to which the Government is trying to give as much assistance as possible. The problem before us is that in India the sucrose content, that is how we call it, of the sugarcane is much smaller than the sucrose content of the sugarcane in Java. Secondly the per acre yield in India of sugarcane is much smaller than the yield in Java. These two factors place Java in a much superior position to the Indian sugar factories. Now, those factories in Java will naturally be able to produce cheaper sugar because the sugar content of the sugarcane is better and because the per acre yield of sugarcane is also much more than in India and it was therefore found necessary to give protection to the sugar industry. You can realise what would have been the position of India during the war had protection not been given to the sugar industry for all these years. We would have found ourselves in a very perilous position. Now, the idea is that we continue our protection to the sugar industry but there also as I say it would be protection merely in name for the moment when we are not in a position to import any sugar from outside. Reports have been received by Government that Java has certain hidden stocks of sugar. Government has also received reports that production of Java is now going up by leaps and bounds and we do not want our sugar industry to be caught unawares by dumping from that country. It is therefore that Government has by this Bill proposed to levy certain protective duties but today the position is that that is not going to throw any additional burden on the consumer because Government is importing sugar and suspending the duty by executive action but the moment Government finds that it is necessary to protect the sugar industry against competition from Java and the moment it is found that it is possible to allow private imports of sugar the duty may be reimposed by Government if it is found necessary. I will also mention to Honourable Members of this House that under the law as it stands whenever protection is given to an industry it is open to Government to vary the protective duty which is levied by executive action if circumstances require it and if it is found that the duty should be reduced or increased according to the circumstances of the case, Government will examine the case.

Mr Ayyangar raised the question as to whether Government would also take certain guarantees from the industries before giving them protection—as to whether they will reduce their cost, as to whether they will be able to stand competition from foreign industries after some reasonable period of time and as to whether they will make the necessary facilities for labour available. Now, all those questions are gone into by the Tariff Board and the general policy so far as new industries are concerned has been that we don't give them protection as a rule for more than 3 years and the industry is told by the Tariff Board that it must go on reducing its cost of production in such a progressive way that normally after 3 years it should not stand in need of further protection. Of course wherever there is a rule there are exceptions and in the case of certain industries it may be necessary to continue the protection for a longer

period but normally three years is taken to be the period in which the industry should generally try to put its house in order so as to be able to meet competition from abroad.

Then Mr. Gadgil raised the question of the conflict between the interests of the agriculturists and the producers on the one hand and the industry on the other. No doubt it is true as mentioned by him and by another member of the House also that by giving protection to the industries we, are really increasing the cost to the consumer. That is also a matter which is always borne in mind but the idea underlying the policy of protection is that even though we may have to suffer inconvenience for a short while and even though we may have a higher price for a short while, we can thereby place our industry on a sound footing we should endeavour to do so by giving a reasonable chance to our industry to establish itself in a reasonable period of time.

Then the suggestion was made that so many questions of granting protection to the various industries arise that we should have a permanent Tariff Board. I can assure the members that the question is now actually under the active consideration of Government and Government will announce their decision very shortly.

Various questions were raised as to whether sugar should be given to the villagers and not *gur*. That is a matter which does not come within the purview of the discussion at this stage but it would be considered by the departments concerned when this thing comes up later on.

Then a funny point was raised by Mr. Ramm Narayan Singh that probably the owners of the factories would come and flatter members of the Government and try to get protection for the industries. I can assure him that none of the members of the sugar industries to which he was referring have seen me or any members of my department. They naturally came to place their case before the Tariff Board and Government have not been influenced by the flattery of any interest when bringing in legislation of this character. The legislation has been brought in because experience during the period of the war has proved that the policy of protecting what may be called the key or essential industries was a very wise one. So far as the other temporary industries are concerned, we do not propose to give them protection beyond a reasonable period of time. I hope the Members will now accept the Bill as it is and pass it.

Dr. Zia Uddin Ahmad (United Provinces Southern Divisions Muhammadan Rural) Sir, I just want to say a few words.....

Mr. Deputy President: The Honourable Member cannot speak now as the official Member has given his reply. The question is

"That the Bill further to amend the Indian Tariff Act 1934, and the Sugar Industry (Protection) Act, 1932, be taken into consideration."

The motion was adopted.

Sri M. Ananthasayanam Ayyangar: Sir, I forgot to say one or two things which are very necessary and I would like to mention them now.

Mr. Deputy President: There is no amendment to that effect.

Sri M. Ananthasayanam Ayyangar: Sir, I want to speak on clause 2. As our cloth mills are not producing sufficient quantity of cloth which is necessary for the ordinary public, I want to make one or two suggestions. Fine cotton is being imported in large quantities from foreign countries and the textile mills are producing fine varieties of cloth. There are nearly 500 fine varieties of various cloths which are produced by our textile mills and for this purpose they are utilising short staple cotton. I would urge upon the Honourable Member to consider the suggestion of imposing a heavy duty upon fine cotton which is imported from foreign countries for some time. I am sure it can be taken

Sri M. Ananthasayanam Ayyangar [up by the Honourable Member immediately He himself wants to impose revenue duty on the following articles, namely, wheat, wheat flour, wood pulp, and paper, cotton textiles and certain non and steel manufacturers consequent on the withdrawal of protection from those articles I now urge upon the Honourable Member to impose some heavy duty upon imported cotton so that the indigenous cotton may be used for the purpose in a larger measure by the textile mills and the shortage of cloth may be removed

Mr. Deputy President: That is outside the scope of the Bill

Sri M. Ananthasayanam Ayyangar: I might say that I press these points for the reason that they have not been mentioned before

The Honourable Mr. I. I. Chundrigar: I think the Honourable Member has mixed up two things. Does he want the duty on fine cotton or on fine cotton cloth?

Sri M. Ananthasayanam Ayyangar: I want duty on fine cotton

The Honourable Mr. I. I. Chundrigar: So far as the import duty on foreign cotton is concerned, there is already a duty of Rs 100 per cwt. We have tried to put a high duty on this foreign cotton so that it may become costly to the Indian mills and they may be induced to use Indian cotton to a larger extent

Mr. Manu Subedar: I support the high duty because the quantity of fine cotton is being increased in India. The suggestion of my Honourable friend is well worth examination for various indirect results which it will produce

The Honourable Mr. I. I. Chundrigar: I have already said that there is a very high duty on this cotton

The foreign cotton is imported in large quantities because, if I may say so, the finer cloth gives the mills a much better margin of profit than the coarser cloth and they cannot produce finer cloth without using this foreign cotton. The matter is under the consideration of the Government as to what should be done in the matter

Mr. Deputy President: The question is

"That clause 2 stand part of the Bill"

The motion was adopted

Clause 2 was added to the Bill

Clause 3 was added to the Bill

Clause 1 was added to the Bill

The Title and the Preamble were added to the Bill

The Honourable Mr. I. I. Chundrigar: Sir, I move

"That the Bill be passed"

Mr. Deputy President: The question is

"That the Bill be passed"

Dr. Zia Uddin Ahmad: Sir, I would like to say something about sugar which is included in the list given in the Bill which we are going to pass into law. This sugar industry, as my Honourable friend knows, has got a history of its own and I think the time has now arrived when we should not have this duty any longer especially due to the fact that we have got a great shortage of sugar in the country

Mr. Deputy President: The Honourable Member did not listen to all these objections when they were made and to which a reply has already been given.

Dr. Zia Uddin Ahmad: I am objecting only to a particular item and I am confining my attention to that only

Mr. Deputy President: This very point was raised by several Members and it was debated. The Honourable Member was not present in the House at that time. The point was replied at some length as to why this protective duty is necessary on sugar at present under the existing circumstances. All that has been very elaborately replied to.

Dr. Zia Uddin Ahmad: I am bringing out a new point which my Honourable friend has not probably mentioned to the House. Please hear me first. I had an opportunity last week to discuss this matter with the representatives who came from Java. They gave me to understand that they have got a very large stock of sugar ready to be exported to this country. Then, I also discussed with them the question of the price, which was approximately the same as before the war. So, we have now got the opportunity of purchasing sugar from Java, which will meet our requirements and remove the shortage of sugar that now exists. So, I submit that to have a very heavy duty of Rs. 9 per cwt is really too much and we should not continue it for another year. Had there been no shortage of sugar in India, then it would have been a different matter. But at present I am not allowed to have more than half a chatak of sugar every day because it is admitted that there is a shortage of sugar. When you have got a chance of getting sugar at a very cheap price from outside, why do you pass a Bill and stop the import of sugar altogether on account of this heavy duty. Last year also this thing came before the House and I did not object to it because I thought it was a dead legislation as it was not possible last year to import sugar from Java. But this year it is possible to import sugar from Java. I am also the chairman of one of the panels of the Food Department connected with the manufacture of sweet. There we were given the figures about sugar and we were told that there was a shortage of sugar and manufacturers of chocolates and other sweets could not get raw materials. Sugar is a raw material for a large number of other industries which we are now developing in this country. Therefore, I see no reason why we should not take advantage of importing sugar at a cheaper rate. It will help to reduce the price of sugar in this country for ordinary consumers and it will also help the development of those industries where sugar is the raw material. This will not help to reduce the price level. Every Member of the Government when he gets up to speak strongly supports the reduction in price index, but his proposals take us in other directions. He speaks one thing but does something else which tend to raise the price level. I am not talking of the Commerce Member only. I challenge any one to mention the action

5 P M taken by Government which tends to lower the price level. If you do not allow sugar to be imported the consumers suffer thereby. We ought to take all steps to help the consumers in the country by making sugar available to them at a reasonable price. The Ministers from Java came to this country in connection with the Asian conference. I advised to see the Honourable the Commerce Member and explain the position of sugar available in Java. But these people do not seem to have called on the Honourable the Commerce Member, and they did not lay before him all the facts which were in their possession. They told me clearly the amount of rice available in Java need for export and also the quantity of sugar 7,00,000 available for export from Java. With the certain prospect of large quantities of surplus available for import from Java the consumers in this country ought to be benefited. Nothing has been done to reduce the price level. This would have enabled us to develop the subsidiary industry also. Now it is too late to alter the tariff.

The Honourable Mr. I. I. Chundrigar: I have already given a reply to all the points but my Honourable friend Dr. Zia Uddin Ahmad was not here unfortunately to hear them. I have already told him that the duty on sugar has got no effect on price because Government have to subsidise sugar which they purchase from other parts of the world. The Food Department has been making attempts to purchase sugar from Java, Cuba and several other countries.

[Mr. I. I. Chundigar:]
but without success. I shall be glad to avail myself of the information which Dr. Ziauddin Ahmad gave and pass it on to the Food Department so that they may get supplies from Java.

Mr. Deputy President: The question is

Dr. Zia Uddin Ahmad: But I have not yet finished my speech.

Mr. Deputy President: The Honourable Member sat down and it was only then that the Honourable the Commerce Member got up to speak. I thought he had finished his speech.

Dr. Zia Uddin Ahmad: No, I only sat down to get reply to my questions. I have still a lot to speak upon.

Mr. Deputy President: The Honourable Member suddenly stopped his speech and resumed his seat and the natural presumption is that he finished his speech. It was only afterwards that the Honourable the Commerce Member got up to reply and with the reply of the Government Member, the debate closes. It cannot be that the Honourable Member Dr. Zia Uddin Ahmad asked a question and sat down. Of course if the Honourable Member Dr. Ziauddin Ahmad had put a question and ascertained if the Government Member was willing to reply and it then sat down giving a way, it is quite different. Under the rules, with the reply of the Government Member the debate closes and I cannot alter the procedure for the sake of allowing Dr. Zia Uddin Ahmad to speak. I will now put the question.

The question is

‘That the Bill be passed.’

The motion was adopted.

The Assembly then adjourned till Eleven of the Clock on Wednesday the 9th April, 1947.

LEGISLATIVE ASSEMBLY DEBATES

WEDNESDAY, 9th APRIL, 1947

Vol. IV—No. 11

OFFICIAL REPORT



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LEGISLATIVE ASSEMBLY

Wednesday, 9th April 1947

The Assembly met in the Assembly Chamber of the Council House at Eleven of the Clock, Mr President (The Honourable Mr G V Mavalankar) in the Chair

MEMBER SWORN

Mr Sitaram Chintaman Joshi, M.L.A. (Government of India Nominated Official)

STARRED QUESTIONS AND ANSWERS

(a) ORAL ANSWERS

PAYMENTS FOR PROVINCES FOR EXPENDITURE ON 'GROW MORE FOOD CAMPAIGN'

1466. *Mr. Manu Subedar: (a) Will the Secretary of the Department of Agriculture be pleased to state what is the total amount of money paid by the Government of India under "Grow More Food" campaign to the various provinces so far in each year since the "Grow More Food" campaign was started?

(b) What is the total amount that is proposed to be given during the next year?

(c) What is the increase in (i) cultivated area and (ii) production, which is ascribed to the "Grow More Food" expenditure, and in what manner is it ascertained that this is due to such expenditure?

(d) Is it a fact that Provinces, which have food surplus, have expressed their desire to go in for commercial crops?

Sir Pheroze Kharegat: (a) A statement (Statement I) is placed on the table of the House

(b) It is not proposed to make any separate grants specifically for Grow More Food Schemes and provinces are expected to find the necessary money for the purpose from the block grants of Rs. 45 crores placed at their disposal for development (Which includes the growing of more food)

(c) Two statements (Statements II and III) showing the increases in acreage and production under the principal foodgrains during the years 1942-43 to 1945-46 are placed on the table. It is not possible to say how much of the increase is due to the Grow More Food campaign, how much to climatic factors, how much to the prevailing prices and how much to other considerations

(d) No such desire has been intimated to the Government of India

*Answer to this question laid on the table, the questioner not having put the question.

Statement I—showing the Loans and Grants Sanctioned during 1943-47

Name of the Province	Rs. 1944-45		Rs. 1944-45		Rs. 1945-46		Rs. 1946-47	
	Loan	Grant	Loan	Grant	Loan	Grant	Loan	Grant
Assam	9,01,867	1,02,665	10,86,100	4,83,781	13,08,455	12,37,616	1,50,700	7,92,230
Bengal	62,15,000	12,84,184	23,15,000	14,74,313	41,40,500	23,72,909	41,66,700	62,89,004
Bihar		9,67,152	9,64,000	14,37,970		16,85,889		16,72,137
Bombay	2,00,000	8,61,771	6,00,000	40,46,028	8,22,500	47,01,176		36,14,990
C P. & Berar	39,50,000	17,20,000	31,63,970	6,70,826	41,25,782	8,74,592	40,10,108	13,39,516
Madras	45,00,000	4,13,666	16,25,000	35,75,406	45,62,500	17,52,953	85,06,000	2,42,95,702
N. W. F. P.		1,07,500	12,59,300	11,12,342	14,31,000	3,83,079		4,16,399
Orissa	5,77,300	1,73,650	14,67,800	9,56,241	21,70,147	13,30,680	16,54,785	23,37,498
Punjab		3,00,000		15,70,860		4,32,025		6,45,270
Sind		4,85,335		78,000		2,32,775		4,55,997
U P		9,37,360	...	27,67,290		18,32,190		18,02,240
Total	1,64,44,107	76,52,043	1,24,85,970	1,81,63,007	1,96,70,884	1,63,26,919	1,64,32,293	4,40,86,733

Statement II—Area under Principal Foodgrains in the Reporting Areas of India
(Thousand Acres)

Statement II—Area under Principal Food Crops in the Reporting Areas of India
Thousand Acres

	BAJRA			RAG			MAIZE		
	Normal (Average 1936-37 to 1938-39)	Average 1942-43 to 1944-45	Area 1940-46	Area 1930-3 to 1938-4	Area 1940-46	Area 1930-3 to 1938-4	Normal (Average 1936-37 to 1938-39)	Average 1942-43 to 1944-45	Area 1940-46
Temporarily settled Areas									
Ajmer Merwara	20	55	40						
Bombay	3 624	027	3 638	63		8	05	63	76
C P & Berar	108	131	120				1 4	181	153
Coorg							153	170	150
Madras	40	61	70				2	2	3
N W F P	2 686	2 530	2 256	1 682		1 5	72	58	43
Punjab	111	161	111				472	472	491
Sind	2 703	3 894	3 550				1 097	1 32	1 383
U P	799	876	830				3	2	2 500
	2 066	2 862	2 852				1 989	2 448	
Total	12 171	15 665	13 460	3 20		3 333	4 017	4 703	4 789
Permanently settled Areas									
Assam	2	2	2						
Bengal	63	62	68	630		48	71	135	133
Bihar	5	8	5	792		271	1 572	1 558	1 496
Orissa							28	29	29
Total	70	72	75	112		819	1 671	1 722	1 648
Total Br India	12 241	15 737	13 535	3 232		3 152	5 688	6 425	6 447
Reporting States	4 667	5 623	5 297	2 12		2 208	644	422	369
Grand Total	16,908	21 360	18 832	5 404		5 360	6 332	6,847	6,816

Statement II—Area under Principal Foodgrains in the Reporting Areas of India
(Thousand Acres)

	BARLEY			GRAM			TOTAL	
	Normal (Average 1936-37 to 1938-39)	1945-46	1944-45	Normal (Average 1936-37 to 1938-39)	Average 1942-43 to 1944-45	1945-46	Average 1942-43 to 1944-45	1945-46
Temporarily settled Areas								
Assam, Meghalaya	40	45		17	26	20	332	308
Bombay	16	16	12	637	520	522	17,412	18,658
C. P. & Berar	16	21	17	1,151	1,224	1,213	14,880	15,333
Coorg							85	87
Dadra	14	17	14	46	55	90	178	240
Madrass	4	1	(a)	62	66	57	19,342	18,042
N. W. F. P.	165	180	172	155	200	105	2,004	2,030
Punjab	697	851	751	3,855	4,827	6,021	19,709	24,126
Sind	18	30	24	335	392	436	3,897	4,307
U. P.	3,906	4,124	4,352	5,911	6,186	6,125	31,166	33,519
Total	4,876	5,285	5,376	11,969	13,397	14,589	108,905	114,950
Permanently settled Areas								
Assam							5,280	5,303
Bengal	97	161	165	288	484	492	22,683	27,575
Bihar	1,289	1,251	1,205	1,362	1,459	1,482	15,760	15,794
Orissa	(a)	2	1	6	11	6	5,454	5,462
Total	1,386	1,414	1,371	1,656	1,954	1,980	49,180	54,234
Total Br. India	6,262	6,699	6,747	13,625	15,351	16,569	158,085	168,884
Reporting States	17	12	12	1,322	715	1,163	35,167	34,976
Grand Total	6,279	6,711	6,759	14,947	15,966	17,732	193,252	203,860

(a) Below 500 acres.

Statement III—Production of principal food grains in the reporting areas of India
(Thousand Tons)

	RICE			WHEAT			JOWAR		
	Normal Average 1936-37 to 1938-39	Average 1943-43 to 1944-45	1945 46	Normal (Average 1936 37 to 1938 39)	Average 1942-43 to 1944 45	1945 46	Normal (Average 1936 37 to 1938 39)	Average 1942 43 to 1944 45	1945 46
<i>Temporarily settled Areas</i>									
Assam	792	865	839	5	9	7	3	8	3
Bombay	1,022	1,764	1,233	311	271	245	1,376	1,303	713
C P. & Berar	55	64	65	648	461	433	1,001	1,174	1,222
Coorg	.	.	.	18	12	12	1	6	6
Madras	4,502	4,967	3,927	289	264	254	1,221	1,000	726
N. W. F. P.	247	431	454	3,451	3,671	3,545	11	19	11
Punjab	447	551	688	348	3,871	3,774	94	119	119
Sind	2,004	1,751	1,653	2,647	2,619	2,305	101	130	86
U P.	9,949	10,313	9,349	7,687	7,965	6,978	428	461	558
Total							4,296	4,391	3,254
<i>Permanently settled Areas</i>									
Assam	1,797	2,006	2,010	44	50	43	2	2	1
Bengal	8,802	9,755	9,597	418	474	353	17	18	18
Bihar	2,653	2,970	2,460	1	2	2	10	8	8
Orissa	1,537	1,311	1,286	463	526	397	39	28	27
Total	15,178	16,042	15,359	8,150	8,491	7,275	4,265	4,329	3,281
Total Br. India	25,127	26,855	24,708	2,010	1,950	1,628	2,512	2,195	1,531
Reporting States	1,281	1,559	1,541	10,100	10,441	8,903	6,777	6,624	4,963
Grand Total	26,508	27,914	26,249						

Statement III—Production of principal food grains in the reporting areas of India
(Thousand Tons)

	BARLEY				GRAM				TOTAL	
	Normal (Average 1936-37 to 1938-39)	Average 1943-43 to 1944-45	1945-46	Normal (Average 1936-37 to 1938-39)	Average 1943-43 to 1944-45	1945-46	Normal (Average 1936-37 to 1938-39)	Average 1943-43 to 1944-45	1945-46	
<i>Temporarily added Areas</i>										
Ajmer-Merwara	12	19	14	2	4	3	34	54	35	
Bombay	5	4	5	91	82	56	2,354	2,339	2,383	
C. P. & Berar	3	3	3	205	206	213	3,655	3,734	3,352	
Coorg							55	64	65	
Delli	5	6	4	...	...	...	47	58	61	
Madras				14	16	26	7,304	7,337	5,483	
M. W. P.	50	30	64	12	12	9	583	569	509	
Punjab	183	235	173	27	21	1,119	5,403	6,690	6,213	
Sind	4	5	5	61	96	96	1,975	1,443	1,868	
U. P.	1,247	1,434	1,451	1,680	1,631	1,492	9,943	9,521	9,359	
Total	1,614	1,733	1,715	2,738	3,033	2,041	80,472	32,717	28,031	
<i>Permanently added Areas</i>										
Assam		...	...	...	...	...	1,797	2,006	2,016	
Bengal	31	45	34	79	130	109	5,932	10,037	9,324	
Bihar	438	409	383	439	485	401	5,092	4,972	4,136	
Orissa	(a)	1	(a)	2	2	2	1,518	1,393	1,966	
Total	469	455	397	520	597	512	17,399	13,393	17,332	
Total Br. India	2,083	2,193	2,112	3,258	3,635	2,553	47,871	51,115	46,013	
Reporting States	2	2	2	210	91	119	7,415	7,332	5,856	
Grand Total	2,085	2,195	2,114	3,468	3,726	2,672	55,286	58,447	51,869	

(a) Below 500 tons

Statement III.—Production of principal food grains in the reporting areas of India
(Thousand Tons)

	BAJRA			RAJLI			MAIZE		
	Normal (Average 1936-37 to 1938-39)	Average 1942-43 to 1944-45	[1945-46]	Normal 1 (Average 1936-37 to 1938-39)	Average 1942-43 to 1944-45	1945-46	Normal (Average 1936-37 to 1938-39)	Average 1942-43 to 1944-45	1945-46
<i>Temporarily settled Areas</i>									
Ajmer Marwar	1	4	1						7
Bombay	436	576	342	185	186	163	11	10	23
C. P. & Berar	25	31	22				58	42	36
Cong.	8	16	12				31	(a)	1
Delhi	672	676	346	766	761	533	21	21	11
Madras	19	23	17				216	202	225
N. W. F. P.	273	573	372				394	501	539
Punjab	93	199	104				1	1	1
Sind	334	590	550				623	945	950
U. P.									
Total	1,861	2,588	1,866	971	947	686	1,416	1,777	1,782
<i>Permanently settled Areas</i>									
Assam									
Bengal	1	1	(a)	189	154	189	23	44	41
Bihar	23	19	19	70	61	60	426	463	373
Orissa	1	1	1				7	7	7
Total	25	21	20	259	215	190	456	514	421
Total Br. India	1,886	2,609	1,986	1,230	1,162	895	1,872	2,291	2,203
Reporting States	805	971	758	498	562	259	107	52	28
Grand Total	2,691	3,580	2,744	1,728	1,724	1,154	1,979	2,343	2,231

(a) Below 500 tons

INCREASE IN IRRIGATED AREA IN INDIA

* 1467. *Mr. Manu Subedar: (a) Will the Secretary of the Department of Agriculture be pleased to state what is the total increase in irrigated area in India during 1946-47 as compared with 1938-39?

(b) What is the total estimated increase during the next five years?

(c) Which irrigation schemes have been definitely sanctioned and which of them are going to be undertaken at the expense of, or with the assistance by contribution from the Centre, and which are the Provinces, in which the schemes are proposed to be started, what are the names of the schemes and what is the cost thereof?

Sir Pheroze Kharegat (a) Figures for 1946-47 are not available in the case of most Provinces. A statement is placed on the table showing the acreages irrigated in 1938-39 and the latest year for which figures are available. It shows an increase of over 65 lakh acres under irrigation, but the area irrigated from year to year varies with the season.

(b) The information supplied by seven Provinces shows that during the next five years an additional 43 lakh acres of land will be brought under irrigation. The other four Provinces may have schemes to bring more land under irrigation but figures for the same have not yet been received.

(c) A statement giving such information about irrigation schemes as has been received from Provinces is laid on the table.

Statement giving details of irrigated areas in various Provinces

Name of Province	Irrigated area in acres		Increase over 1938-39 in acres	Anticipated increase during 1947-52 in acres
	In 1938-39	In the latest years for which figures are available		
1. Assam	900	42,780	41,880	6,93,950
2. Bengal	19,46,000	20,37,000	91,000	No reply from Provincial Govt.
3. Bihar	2,29,826	4,73,693	2,43,867	11,45,000
4. Bombay	13,47,000	1,40,300	56,000	No reply from Provincial Govt.
5. C. P. & Berar	10,60,000	15,20,000	4,60,000	2,200
6. Madras	72,96,157	82,39,019	9,42,862	1,00,000
7. N. W. F. P.	10,56,000	11,20,000	64,000	No reply from Provincial Govt.
8. Orissa	13,38,951	16,64,274	3,26,223	1,73,650
9. Punjab	1,68,35,000	2,08,43,903	40,08,903	17,28,000
10. Sind	44,33,047	55,29,245	10,96,198	5,00,000
11. U. P.	1,80,61,000	1,22,95,000	7,66,000	No reply from Provincial Govt.
Total			65,64,933	43,60,800

†Answer to this question laid on the table, the questioner not having put the question.

STATEMENT II

Details of irrigation schemes

Name of scheme	Cost	Contribution from Government of India, if any
1	2	3
	Rs.	Rs.
ASSAM		
Minor Irrigation Projects	6,34,910	3,52,572
BIHAR		
Minor Irrigation Projects (construction of tanks, wells, etc.)	30,00,000	7,50,000
CENTRAL PROVINCES		
Moorum Nala Project in Balaghat District	10,99,000	5,50,000
Arco tank project in Chhindwara District	15,20,000	Nil
Cheechband tank project in the Chhindwara District	6,61,000	Nil
MADRAS		
Extension of irrigation in Komaragiri patnam village, East Godavari District	1,10,650	Nil
Extension of Hospital Channel in East Godavari District	83,000	Nil
Providing irrigation facilities to the dry lands of Relangi village, West Godavari District	410	Nil
Excavating new Seethampa Channel, Kistna District	3,94,000	Nil
Providing irrigation facilities to Mahmarthi lanka and Churuvolu lanka villages, Divi Taluk, Kistna District	16,119	Nil
Providing irrigation facilities from the tail end of the Gomatigunta channel, Indupoli village, Cannavaram taluk, Kistna District.	13,900	Nil
Excavation of a new Rudravaram Channel for providing irrigation facilities to Rudravaram and Chigurikota lands, Kistna District.	40,400	Nil
Extension of Cauvery Mettur project irrigating beyond Narasinga cauvery	25,30,000	6,53,570
Vakkur Kappiyampuzhur scheme, South Arcot District.	39,031	4,794
Restoration of Kothavadi tank, Coimbatore District	1,95,000	27,532
Improvements to Alvozhol and seven other drains in Cauvery Mettur Project area	7,45,000	Nil
Construction of an anicut across the Cauvery at Jeddarpalayam, Salem District.	6,32,500	Nil

Name of scheme	Cost	Contribution from Government of India, if any
1	2	3
MADRAS—<i>contd.</i>	Rs	1 s
Constructing a temporary dam with lock of simple gate on Mampusha Canal, Colicut Taluk, Malabar District.	1,700	Nil
Excavating a new branch channel Mevanur Distributary from mile 8-3½ Kugalur Branch channel in Coimbatore District	70,180	Nil
Excavation of a new Ponnukunada channel and branch channel in Kistna District	17,900	Nil
Irrigation facilities to dry lands in Mandavalli and Chigurukota blocks, Kistna District.	40,000	Nil
*Poddakandalem project Construction of an anicut across Kandalem at Gentalpali Vinukonda Taluk, Guntur District	4,94,000	Nil
Excavation of a channel to supplement supply to the tail end ayscut of No. 6 Distributary of Chapad Channel, Cuddapah District.	8,900	Nil
Restoration of Mella tank of Gotipaddiya village, Markapur Taluk, Kurnool District	70,906	Nil
Remodelling and extending R B 5/9 channel for providing irrigation facilities to lands in Therukukottai and Vadakkukottai villages in Pattukottai taluk, Tanjore District,	12,750	Nil
Construction of a lock at Podalada in the Gannavari canal in the Godavari Delta system.	1,62,570	Nil
ORISSA		
Dewari Project in Baragul sub-division . . .	2,07,000	68,453
Magore Nala project in Khalikote Estate . . .	41,000	13,667
Bisipura tank project in Ganjam District . . .	17,230	7,080
Rambhila tank in the District of Balasore . . .	4,570	2,980
Madhujuri tank project	80,400	45,100
Khajalagand Bund project	55,650	27,850
Victoria Sagar project	79,500	53,033
Basantia tank project	20,594	8,260
Sarangagado project in Ganjam	1,16,160	64,640
Ketakujhari project	5,000	3,333
Tartuligoda tank project	23,800	15,200
Mallangi Tank Project	23,800	15,200
Hiradarebetti Tank Project	13,35,500	Amount not yet fixed.

Name of scheme	Cost	Contribution from Government of India, if any
1	2	3
ORISSA—contd	Rs	Rs
Derajang Tank Project	10,00,000	Nil
Patrapara Project	5,00,000	Nil
Kanlo Project	3,00,000	Nil
Bauli Project	3,00,000	Nil
Barapat Project	25,000	Nil
Salia and Saheb bundhi Project	10,00,000	Nil
Derris Channel Project	1,98,800	Nil
Haldia Tank Project	1,50,000	Nil
Reopening of Disty No 2 of Rushukulya Canal	3,00,000	Nil
Extension of Disty No 10 of „ „	1,00,000	Nil
Extension of Disty No 14 of „ „	1,50,000	Nil
Excavation of Dasmonja Canal	1,20,500	Nil
Podguda Tank Project	70,000	Nil
Mudulpali Tank Project	20,000	Nil
Dobakinala Channel Project	80,000	Nil
Satamaina Tank Project	8,000	Nil
Daruthenga Tank Project	12,000	Nil
Khangabundha Tank Project	10,000	Nil
Gumagarh Tank Project	1,04,650	Nil
390 Tanks Restoration Project	2,13,200	Nil
Project	5,332	Nil
Gorodjhor Tank Project	4,000	Nil
Bantrapokhari Tank Project	2,000	Nil
Kolho Tank Project	2,500	Nil
Kamara Tank Project	1,423	Nil
Extension of Disty. No. 3 of Pattamundai Canal .	20,000	Nil
Outlet at Cowpur	8,000	Nil
Anglai Channel Project	50,000	Nil
Installation of tubewells of 10" diameter . . .	18,82,928	Nil
Nursery tubewell project	9,24,840	Nil
River pumping installation	4,20,400	Nil

Name of scheme	Cost	Contribution from Government of India, if any
1	2	3
ORISSA—<i>conold</i>		
Barge Irrigation Project	4,76,348	Nil
Renovation of Government Tanks	1,80,00,000	Nil
• Installation of tubewell by private parties	10,00,000	Nil
Sinking of wells	15,00,000	Nil
Minor Private Irrigation Works	60,00,000	Nil
PUNJAB		
• Conversion of Burali Branch Extension from non-perennial to perennial	26,14,000	Nil
Remodelling of Burali Branch		
Basul T. W. Project	1,18,00,000	2,78,000
Thal Project	13,20,00,000	Nil
Blakia Dam Canal and Hydro electric Project	42,01,00,000	50,000
Constructing three low dams in Gurgaon District	11,48,000	3,85,000
Western Jamuna Canal K. out extension	1,87,37,000	Nil
SIND		
Lower Sind Barrage Scheme	21,00,00,000	Nil

COACHES FOR RUNNING MILITARY SPECIAL TRAINS

1468. *Mr. Ahmed E. H. Jaffer: (a) Will the Honourable Member for Railways be pleased to state the number of coaches placed at the disposal of the Military for running special trains and what is the number of military special trains which are being run at present?

(b) What is the number of first, second and third class coaches still with the Military for their use and how long will these be retained by them?

(c) What steps do Government propose to take to get them back for the use of civilian traffic and when?

The Honourable Dr. John Matthai: (a) The number of coaches with the Defence Department on the 8th March, 1947 (the latest date for which figures are available) was 595. The number of Military special trains (including military mail trains, which run at regular intervals between specified stations) which ran during February, 1947 (the latest month for which figures are available) was 286.

(b) First and second class bogie composite carriages	60
3rd class bogie carriages	297
3rd class and luggage bogie composite carriages	46
Bogie coaches of various classes converted for use of the Military	192

Total 595

The rate at which these coaches are returned to the owning railways is based upon the number of military personnel to be carried. This number is largely dependent upon the rate of demobilization and repatriation of the Armed Forces.

(c) The Railway Board have throughout kept in close touch with the Movements Directorate, G H Q (I) with a view to ensuring that coaching stock is returned to Railways as speedily as possible. 57 per cent of the total stock loaned to the Defence Department during the war has so far been returned by that Department.

Mr. Ahmed E. M. Jaffer: Is the Honourable Member aware that even now coaches labelled 'For Military Only' often go with several berths vacant and civilians are not allowed there? Will he ask the military authorities to allow civilians to use these coaches which are going empty?

The Honourable Dr. John Matthai: One problem regarding that which is now under examination is this that military personnel, apart from traveling in these military trains are also in the habit of travelling by general trains. We are taking up this question with Defence Department so that the military personnel would travel by trains allotted exclusively for military purposes. That is one direction in which I think a certain amount of relief could probably be obtained.

Shri Sri Prakasa: Is the Honourable Member aware that military personnel travel in the general compartments even when compartments are reserved for them in the same rake? I refer to the rake that contains both types and not only the military special. Is it a fact that civilians are not allowed to travel in the military compartments in a similar manner?

The Honourable Dr. John Matthai: That raises more or less the same kind of problem as I have been trying to explain.

Sri M. Ananthaseyanam Ayyangar: Were any of these coaches retained permanently by the military before the war and is there now any proposal to allot any portion of the coaches permanently to them?

The Honourable Dr. John Matthai: I do not like to answer that question off-hand but my impression is that there was no such practice.

Mr. Sasanka Sekhar Sanyal: Do these special trains which are given to the military bring any special income to the railways?

The Honourable Dr. John Matthai: The kind of income that we get from our customers.

Mr. Manu Subedar: Does the Defence Department's return of 57 per cent. apply only to passenger coaches and bogies or does it apply also to the goods wagons left with the military?

The Honourable Dr. John Matthai: The question of goods wagons does not arise in this particular case. The only rolling stock which is now outstanding with the Defence Department are these passenger vehicles.

Mr. Manu Subedar: Is not the military traffic still engaging a large amount of goods wagons, and during the period of the transport crisis in this country would it not be possible to reduce that military traffic by goods wagons a good deal?

The Honourable Dr. John Matthai: Military stores have got to be moved like other stores but there has been no question of loading wagons for that purpose. That question arises only in respect of passenger vehicles.

Shri Mohan Lal Saxena: Pending the conclusion of the talks which the Honourable Member is having with the Defence Department will he issue instructions that when compartments are reserved for military people in any train they should not be allowed to travel in general compartments so long as there is room in the compartments reserved for them?

The Honourable Dr. John Matthai: I am prepared to consider that

OVERCROWDING IN INTER AND THIRD CLASS CARRIAGES

1469. *Mr. Ahmed E. H. Jaffer: (a) Will the Honourable Member for Railways be pleased to state whether Government are aware that third-class and inter-class coaches on all Government managed Railways are overcrowded?

(b) How long will this hardship to the third-class and inter-class passengers continue and what steps do Government propose to take to remove this hardship?

The Honourable Dr. John Matthai: (a) Government are aware that on many trains the demand for accommodation in inter and third class coaches is in excess of the available seating capacity

(b) This hardship will not be allowed to continue one moment longer than is absolutely necessary. Since the cessation of hostilities, the principal railways have reintroduced or extended 1,085 trains, covering a daily mileage of about 68,684 and to this extent a most unsatisfactory situation has been remedied. As more coaching stock becomes available by release from the Defence Department and by building in Railway Workshops and outside agencies, passenger services will be progressively increased. By the 31st of March 1948 we expect to have in service approximately 14,100 B G and 7,800 M G coaching vehicles as against 12,347 and 7,309 respectively in 1939.

Mr. Ahmed E. H. Jaffer: In view of the fact that trains are always overcrowded from the starting station, is there any possibility of intermediate stations being informed in advance about this overcrowding so that they may not issue any tickets?

The Honourable Dr. John Matthai: That is usually done but in certain cases of course it has been difficult to observe the practice.

Dr. Zia Uddin Ahmad: In view of the overcrowding even in ordinary trains may I know if special trains can be introduced during *melas* and such other occasions?

The Honourable Dr. John Matthai: On special occasions of that kind we are prepared to consider the question of releasing additional coaching stock but it is not always possible to do it in view of the present acute shortage of vehicles.

Sri Ananthasayanam Ayyangar: Is it not a fact that in mail and passenger trains want of accommodation for third class passengers is due more to the want of pulling capacity of the engine inasmuch as dining cars are attached which may be replaced by third class coaches?

The Honourable Dr. John Matthai: To some extent that is correct, that is to say when you have a dining car attached it does add to the total load that a locomotive has got to pull. But then it raises the problem whether the public are prepared to do without dining cars.

Sri M. Ananthasayanam Ayyangar: Is it not a fact that one single dining car is as heavy as 1½ of third-class bogey?

The Honourable Dr. John Matthai: The Honourable Member apparently has the information.

PAYMENTS FOR FOOD PURCHASED FROM ABROAD

1470. *Mr. Ahmed E. H. Jaffer: (a) Will the Secretary of the Food Department be pleased to state how much food is expected to be purchased by India from abroad during the year 1947 through Government agency and through private sources?

(b) Is food purchased through private individuals based on payment of commission; and if so, how much?

(c) How is the payment made, whether by cash or by barter arrangement?

Mr. K. L. Panjabi: (a), (b) and (c) No allocations of rice and no programme regarding other cereals has yet been laid down by the International Emergency Food Council for the second half of 1947 and it is therefore impossible for me to furnish an estimate of the total quantities which we hope to purchase during the whole year. As regards the system of purchase it varies from country to country and from grain to grain. Our rice allocations in South-East Asia are purchased on a Government to Government basis. Similarly, we purchase wheat from Australia and United States of America on a Government to Government basis. But flour and other grains from the United States are purchased by our Supply Mission in U.S.A. through commercial channels. We are also able to buy small quantities of flour from Canada through our Indian Trade Commissioner who operates through the Canadian Department of Trade and the Committee of Flour Exporters. As regards the Middle East we purchased some millets from Egypt last year on a Government to Government basis and some wheat has recently been purchased from Turkey through the British Ministry of Food. In other Middle East countries we make arrangements according to the needs of the situation. In one case we have a firm of commission agents and in other cases we are negotiating for out and out purchases through the trade. There are also under consideration certain barter arrangements.

Mr. Manu Subedar: Is it a fact that Government do not permit private individuals to import food material into this country, and if that is so, will Government explain the reasons why the machinery of trade should not be used for getting wheat, wheat flour and other items from foreign countries through the businessmen who have connections?

Mr. K. L. Panjabi: Trade channels are used for importing wheat and wheat flour wherever they are procurable through trade.

Mr. Manu Subedar: Will the Honorable the Food Secretary see whether it is not a fact that people had orders from Canada for 5,000 tons of wheat flour, and that when they went for a food licence they were refused because it was assigned to them by the Honorable the Food Member that it was not the policy of Government to secure additional imports through trade channels?

Mr. K. L. Panjabi: I will look into this case.

Sri M. Ananthasayanam Ayyangar: May I know if it is really profitable for the Government to import such food through ordinary trade channels in preference to Government agencies?

Mr. K. L. Panjabi: Departmental purchases have done well in the case of some of the countries. In the case of other countries, we are open to offers from the trade.

Sri M. Ananthasayanam Ayyangar: May I know whether there is any proposal to import maize from America or Argentina?

Mr. K. L. Panjabi: Both the proposals are under consideration.

Sri M. Ananthasayanam Ayyangar: Is the Government aware that maize was not at all taken as an article of food anywhere in the South except when practically they were dying for want of food, and large quantities of maize flour were thrown because it was useless even as cattle food?

Mr. K. L. Panjabi: I am not aware that maize flour was thrown away as useless.

Mr. President: These details hardly arise out of this question.

Sri M. Ananthasayanam Ayyangar: It arises this way. The question is how much food is expected to be purchased by India from abroad during the year 1947? What is the good of importing food which cannot be used? Large quantities of maize were ordered from Argentina and America and stocks are held but it is useless.

Mr. President: Does the Honourable Member say that this is the opinion of people about maize throughout the country?

Sri M. Ananthasayanam Ayyangar: I know of one province, other members can say how the people feel in other provinces

Mr. President: I am afraid the question will be one of distribution of the food brought in

Dr. Zia Uddin Ahmad: Will the Honourable the Food Secretary take advantage of the presence of the representatives of the Indonesian Republic in India, and arrange with them to purchase large quantities of sugar and rice which I understand they were willing to give to India?

Mr. K. L. Panjabi: The prospects of importing sugar and rice from Indonesia were discussed with some members of the Indonesian Republic while they were here.

Sri M. Ananthasayanam Ayyangar: May I know from the Honourable Member if his department is or is not continually watching what kinds of articles of foodstuffs which are imported from foreign countries are acceptable to the masses of this country, and if they are not, whether steps are being taken to avoid importing those articles of food which people do not like?

Mr. K. L. Panjabi: We are continuously getting reports from the Provincial Governments and if the Honourable Member is referring to the quality of the imported goods, every consignment on its arrival at the port is inspected by the officers and samples are sent to the laboratories for tests, and no consignment is distributed if it is injurious to public health.

Seth Govind Das: The Honourable Member said that the question of importing sugar and rice from Indonesia was discussed with the delegates from that Republic. May I know what is the result of those discussions and whether we may expect sugar and rice from that country?

Mr. K. L. Panjabi: Government is awaiting further information from the Indonesian Minister concerned

SKELTON'S GUIDEWAYS TRANSPORT STARTED IN JAMNAGAR STATE

1471. ***Mr. Ahmed E. H. Jaffer:** (a) Will the Honourable Member for Railways be pleased to state whether Government are aware that there is in India a cheaper and more convenient form of transport known as Skelton's Guideways recently started in Jamnagar State?

(b) If so, what steps do Government propose to take to include this in the Post-war schemes of Government, so as to connect the different villages of India?

The Honourable Dr. John Matthai: (a) and (b) I would refer the Honourable Member to my predecessor's reply to starred question No 236, asked by Mr P. B. Gole, in this House on the 6th November 1946, which concerns the same subject. I have nothing to add to that reply.

IMPROVEMENT IN CALORIE LEVEL OF DIET IN INDIA

1472. ***Mr. Ahmed E. H. Jaffer:** (a) Will the Secretary of the Food Department please make a statement on the Food supplies of the country and the prospect of avoiding famine conditions in the year 1947?

(b) What was the average calorie level of India's diet during the year 1946?

(c) What was the calorie level of diet in India before the outbreak of the last war for the average consumer?

(d) Is there any possibility of improvement in the calorie level of the diet in India in the near future?

Mr. K. L. Panjabi: (a) and (d) The indications are that austerity conditions will continue since the indigenous supplies of the principal cereals will again be less than are required, and importation from abroad is limited 'by the competitive demands of other nations'. We hope to effect some improvement in the availability of the protective foodstuffs. The Government of India will continue their policy of importing foodgrains in order to make up the deficit to the maximum extent possible.

(b) To estimate the average calorie level of India's diet during the year 1946 would have required large scale diet surveys, which it has not been possible to undertake. The calorie value of cereals which were rationed at the scale of 12 ozs per day is approximately 1200. There was also other supplementary food of varying calorie values but I am afraid it is not possible to attempt any accurate assessment of what the average calorie level was.

(c) Some diet surveys were carried out before the war in rice eating areas and the calorie value of a poor man's diet was found to vary between 1850 and 3000 calories per day. We have, however, not got sufficient data to estimate what the average calorie intake over the whole of India was.

Mr. Sasanka Sekhar Sanyal: May I know from the Honourable Member whether Government has drawn up any literature to show the calorie values that are required in respect of the different classes of the Indian people?

Mr. K. L. Panjabi: There are some opinions of Scientists available and these have been published in our Bulletin called 'Nutrition' showing the requirements of calories for different types of workers.

Mr. Sasanka Sekhar Sanyal: Is the Government advising the department to bring up the diet that is rationed as far as possible to the standard which is accepted by the Government in respect of calorie values?

Mr. K. L. Panjabi: The cereal ration does not provide for all the calories which the consumer requires. There are supplementary foods which are not rationed. As I have mentioned in reply to the question, we are doing our best to import more supplementary foods from foreign countries for deficit areas.

Mr. Sasanka Sekhar Sanyal: In determining ration for different classes do Government take into consideration the requirements of different sections of people in respect of calorie values?

Mr. K. L. Panjabi: The cereal ration is the same for all consumers except heavy manual workers.

Sri M. Ananthasayanam Ayyangar: Arising out of the answer given by the Honourable Member, may I know what steps have been taken for supplementing the cereal food content so as to increase the calorie value of the food as a whole?

Mr. K. L. Panjabi: As far as the Food Department is concerned, we have been trying to import larger quantities of supplementary foods and I think the Agriculture Department will be in a position to explain how far the Grow More Food Campaign in respect of these foods has been successful.

Shri Mohan Lal Saksena: I understand that large stocks of jawar and maize are lying in Meerut and other districts of the United Provinces and will Government say why they are importing foodstuffs from abroad?

Mr. K. L. Panjabi: According to our reports, there is no surplus of jawar in the United Provinces at present.

Khan Abdul Ghani Khan: Did I hear the Member for Food say that the poor man in India has 3,000 calories per day?

Mr. K. L. Panjabi: These figures were taken by me from the diet surveys undertaken and the details are contained in Dr Aekroyd's bulletin on nutrition.

Sri A. K. Menon: Is the Government aware that in some parts of the Madras Presidency only ten ounces of rice are given as daily food and there is no kind of supplementary food?

Mr. K. L. Panjabi: I will make enquiries if the Honourable Member gives me further details. My impression is that the overall ration of twelve ounces has been maintained throughout the province.

Sri A. K. Menon: You may take it from me that in Malabar

Mr. President: The Honourable Member may give information elsewhere.
Next question.

TRANSFER OF SURPLUS AMERICAN FOODSTUFFS TO HIS MAJESTY'S GOVERNMENT

1473. *Mr. Manu Subedar: (a) Will the Secretary of the Food Department be pleased to state why, in view of the food scarcity in India was it necessary to offer to His Majesty's Government 13,000 tons of food-stuffs from American surpluses and 46,000 tons from other surpluses declared by the Defence Department?

(b) Was every effort made to dispose of these supplies in India and did such efforts meet with failure?

(c) If so, what were the efforts made and why did such efforts fail?

(d) Was pressure brought by His Majesty's Government on the Government of India to transfer this food to them and, if so, in what manner and through which channel?

(e) Has any definite transaction been made with His Majesty's Government and, if so, what is the transaction?

Mr. K. L. Panjabi: (a) 9,377 tons of U S A surpluses out of a total of about 56,000 tons have been sold to His Majesty's Government as there was no prospect of disposing these quantities in India before deterioration overtook them. The other surpluses were the property of His Majesty's Government and no question of offering them arises.

(b) Yes, the efforts met with failure, because these items represented varieties which were unfamiliar to popular taste and quantities far in excess of normal consumption.

(c) Since June last American surpluses have been pressed on Provincial Governments and trade, directly and through agents, at prices on an average of 25 per cent below the cost price, without disposal of more than about 1/3rd of the total quantity available. There are many reasons for the poor response to the offers, included among which are the unfamiliar nature of many items, the sizes of their containers, their uncertain condition and storage life, and the difficulties of railway transport to different centres of consumption. Even after sale to His Majesty's Government of 9,377 tons, there is a balance of nearly 12,000 tons for disposal, for which the prospects are not fair.

(d) No, on the other hand, His Majesty's Government had to be persuaded to accept surpluses of this kind.

(e) As a result of negotiations it has been agreed that 9,377 tons of American Surplus foodstuffs be sold to His Majesty's Government at £48 per ton f. o b.

Mr. Manu Subedar: Having regard to the subsidy which this Government has to bear on the importation of food, will the Honourable the Food Secretary tell this House why the Government of India did not make even greater efforts than those described in order that essential foods, and supplementary

foods contained in these American surpluses would be absorbed in this country by those who are familiar with them and in their turn they would release their hold over the cereals they were consuming?

Mr. K. L. Panjabi: We have repeatedly advertised the sale of these articles. The response has not been good. Some of these articles are in good condition and there is a certain amount of prejudice against them. We are doing our best but I must confess that the rate of disposal has been slow.

Mr. Manu Subedar: Is it a fact that His Majesty's Government and their agents had the pick of what the Americans left behind and was there need of very great persuasion on the part of my friend's department and the Disposal Department to induce His Majesty's Government to take these 9,000 tons of very essential material which would have been consumed here?

Mr. K. L. Panjabi: We were afraid that owing to limited life these goods would have no value after a certain time, and felt that the rate of disposal, therefore, should be accelerated. We deputed a Special Officer to go to the United Kingdom with certain samples and he concluded an agreement with His Majesty's Government. We were anxious on our part to accelerate the disposal as far as possible.

Mr. Manu Subedar: What will Government do about the 12,000 tons now remaining and before they become uneatable? Will not Government try to dispose them off to provinces for free distribution to colleges, hospitals, poor man's places, beggar homes, widow's homes and other institutions who are willing to take them over?

Mr. K. L. Panjabi: Is it the suggestion that these should be distributed free?

Mr. Manu Subedar: Free or at a nominal cost. When the material is dead it will have no value.

Mr. K. L. Panjabi: It will be considered.

Sri V. O. Vellingiri Gounder: What are the quantities exported and what are imported from outside?

Mr. K. L. Panjabi: These are all stocks which were imported for the use of the Defence forces.

Khan Abdul Gham Khan: With reference to the price—£48 per ton, that works out to nine annas per seer. Am I to understand that the Government of India practically gives this at a loss to His Majesty's Government? You cannot do anything like that in India.

Mr. K. L. Panjabi: We are offering these goods in India at the same price.

Mr. Ahmed E. H. Jaffer: Is Government selling deteriorated foodstuff and if so what precautions are being taken by Government considering it is injurious to public health?

Mr. K. L. Panjabi: The normal precautions, namely, visual inspection of the stocks when they are sold and we also undertake, in case any of the stocks are injurious to health, to replace them free of charge.

VALUE AND QUANTITY OF SURPLUS AMERICAN FOODSTUFFS GIVEN TO HIS MAJESTY'S GOVERNMENT

†1474. ***Mr. Manu Subedar:** (a) Will the Secretary of the Food Department be pleased to state how much food material has been given to His Majesty's Government from American and Army surpluses and what is the total value thereof?

(b) In what manner are accounts relating to this settled?

†Answer to this question laid on the table the questioner not having put the question.

(c) Is it a fact that these accounts have merely gone to swell the sterling balances?

(d) How much of this food has left this country?

(e) What attempts have Government made to retain essential foodstuffs in this country?

(f) Have they found, after examination of the problem, that the food difficulty in India is over?

Mr. K. L. Panjabi: (a), (b) and (c) His Majesty's Government have agreed to accept 9,377 tons of U S A surplus foodstuffs @ £ 48 per ton F O B by book adjustment. The effect of this transaction on sterling balances will be known when the accounts are closed. As regards Army surpluses of foodstuffs in India, they were the property of His Majesty's Government and therefore the question of giving them these surpluses does not arise, nor are any financial adjustments necessary. India's sterling balances are, therefore, not affected on this account.

(d) None of the U S A surplus foodstuffs has yet left India. Of the 95,820 tons of imported foodstuffs which were reported to His Majesty's Government as surplus to our Army requirements, 43,000 tons have been despatched overseas in accordance with the wishes of His Majesty's Government, who owned these stocks.

(e) All demands for U S A surplus foodstuffs received from Indian buyers in India have been given priority over H M G's demands and only those stocks for which there is no demand in India have been offered to H M G. Army surpluses of imported foodstuffs reported to H M G were also surplus to the requirements of India as a whole.

(f) The food problem in India is not affected by the export of surpluses which owing to their peculiar nature are not in demand in this country.

TAKING OVER BY THE STATE OF BENGAL NAGPUR RAILWAY

1475. *Seth Govind Das: Will the Honorable Member for Railways be pleased to state

(a) whether it is a fact that the Bengal Nagpur Railway has been taken over by the State, if so, when, if not, why not,

(b) whether Government are aware that the freight and fare rates on the Bengal Nagpur Railway are higher than those on other State-managed Railways like the East Indian, Great Indian Peninsula, etc.,

(c) whether Government are aware that the high freight and fare rates cause hardship to the people and act as a handicap to the development of Trade and Commerce, and

(d) whether Government propose reducing the fares and freight rates to the same level as in other State Railways, if not, the reasons therefor?

The Honourable Dr. John Matthai: (a) Yes. The B N Railway was taken over on 1st October 1944.

(b) No. The general level of freight rates and fares on the B N Railway does not differ materially from that on other Indian Government Railways.

(c) and (d) Government believe that the present level of freight and fare rates on the B N Railway, which is about the same as on other Railways in India, does not act as an impediment to the development of trade and commerce and for this reason do not contemplate any reduction.

Seth Govind Das: Is it not a fact that the freights, particularly of the B N.R. and of the G I P—both lines running from Jubbulpore to Nagpur, differ very much?

The Honourable Dr. John Matthai: Since I received notice of my Honourable friend's question, I have gone with some care into this question. I have had detailed statistics prepared for me and while I am prepared to admit that in respect of certain articles over certain distances there are variations between the B & R and other railway systems, taken as a whole, by and large, it is difficult to establish the proposition which the Honourable Member has put forward.

Seth Govind Das: Is it not a fact that in particular routes, such as I have just mentioned, viz., between Nagpur and Jabalpur, these heights differ very much?

The Honourable Dr. John Matthai: On certain classes of goods possibly it might. Probably the best way in which I can deal with this matter is that if the Honourable Member has a little time I can sit down with him and show him the comparative tables that we have drawn up.

Sri M. Ananthasayanam Ayyangar: Is it not a fact that in spite of the so-called higher rates on the B & N Railway the administration is working at a loss year to year?

The Honourable Dr. John Matthai: That does not really, rise out of this question.

PROPOSED TRANSFER OF THE HEAD OFFICE OF DIVISIONAL SUPERINTENDENT, E I RAILWAY FROM ALLAHABAD TO CAWNPORE

1476 ***Seth Govind Das.** Will the Honourable Member for Railways be pleased to state

(a) whether Government are aware that the East Indian Railway propose to transfer the Head Office of the Divisional Superintendent from Allahabad to Cawnpore,

(b) whether Government are aware that there is great agitation against such a move, and

(c) whether Government's attention has been drawn to a paragraph in the 'notes of the day' on page 4 of the *Leader* of the 26th December 1946?

The Honourable Dr. John Matthai: (a), (b) and (c). A proposal for the transfer of the Divisional Headquarters from Allahabad to Cawnpore was considered by the E. I. Railway Administration but has since been dropped.

OBSTRUCTION BY EUROPEAN MILITARY OFFICERS FROM ENTERING A FIRST CLASS COMPARTMENT BY MR MAHABIR TYAGI, M L A (U P)

1477. ***Seth Govind Das.** Will the Honourable Member for Railways please state

(a) whether it is a fact that Mr Mahabir Tyagi, M L A (U P), was not allowed by three English military officers to enter a first class compartment in which a berth was reserved for him, while on his way to attend the United Provinces Assembly Session, and

(b) whether Government propose to take steps to stop such cases of obstruction?

The Honourable Dr. John Matthai: (a) The Honourable Member has not furnished the necessary details of the alleged incident, such as the Station, the date of occurrence and the train. I presume, however, that he refers to an incident at Dehra Dun station on the 9th January, 1947, when Mr Tyagi travelled by 10 Down Express leaving at 19.38 hours. The facts in this particular case are that no first class berth had been reserved for Mr Tyagi but he was first on the waiting list for accommodation and was offered a second class berth vacated by a military officer. As Mr Tyagi entrained, another military officer also entrained the same compartment and claimed the berth on the ground that as it had been vacated by a military officer he had a prior

claim to it. The R T O however intervened and the berth was occupied by Mr Tyagi.

(b) Does not arise

Seth Govind Das: Is it not a fact that apart from Mr Tyagi, instances do take place even now in many stations and on many occasions? Under these circumstances will Government issue definite instructions at least to different important places, so that such instances may not occur?

The Honourable Dr. John Matthai: I will have that done

NON-AVAILABILITY OF POST CARDS IN KARACHI, JUBBULPORE, AND CERTAIN OTHER PLACES

1478. ***Seth Govind Das:** Will the Secretary of the Communications Department be pleased to state

(a) whether Government are aware that post-cards have not been available for several weeks now in a number of places in the country, such as Karachi and Jubbulpore,

(b) if so, the reasons therefor, and

(c) the steps taken by Government to prevent its recurrence?

Mr. Masarrat Husain Zuberi: (a) Yes. There was a temporary shortage of half-anna postcards in certain post offices, including Karachi and Jubbulpore. The position has however since improved.

(b) The shortage was due to temporary shortage of stocks with the treasuries.

(c) Action has been taken to step up the production and directives have been issued to treasuries and post offices to maintain adequate stocks of postcards.

Seth Govind Das: Is it not a fact that recently even envelopes were not available in Delhi?

Mr. Masarrat Husain Zuberi: It does not arise out of this question but I am prepared to reply. When this fact was brought to my notice I took action immediately and there was no shortage thereafter.

Mr. Ahmed E. H. Jaffer: May I ask the Honourable Member whether he has considered the desirability of increasing the size of the present postcards?

Mr. President: I believe that the question was dealt with formerly in a supplementary question and I cannot permit a repetition of the same question.

VALUE OF MACHINERY AND PLANTS ORDERED FROM UNITED STATES AND UNITED KINGDOM

1479. ***Seth Govind Das:** Will the Honourable Member for Industries and Supplies be pleased to state

(a) the total value of machinery and plants, India has so far ordered from the United States and the United Kingdom (separately),

(b) the dates by which they will begin delivering those goods and when they will be completely supplied,

(c) whether Government propose to send another Purchase Mission to countries like Australia to secure plants and machineries for those provinces and industries which subsequently decided to purchase machineries,

(d) whether Government propose to give facilities to industrialists for purchasing machinery and plants from Australia directly,

(e) whether Government are maintaining a list of applicants for machinery and plants for different industries and whether Government propose to consider the question of purchasing plants and machinery from other countries, and

(f) whether Government propose to consider the desirability of co-opting industrialists in the Purchase Missions?

The Honourable Sri C. Rajagopalachari: (a) The total value of licences issued during the years 1945 and 1946 for the import from the U S A. and U K of machinery and plants for which import licences were necessary is as follows: U S A —Rs. 29,89,06,816, U K —Rs. 98,05,47,769. Government have no information whether all the licences issued are covered by firm orders. Besides the above, there have been orders for certain kinds of machinery, their parts, etc., which are covered by the Open General Licence VII and for which no licence is required for import from U K and other Empire countries excluding Canada, Newfoundland and South Africa.

(b) It is not possible to furnish this information as statistics of deliveries made or to be made against the licences issued have not been maintained.

(c) No. Sir.

(d) Government will give all possible facilities subject to the condition that the applications for import licences of such industrialists will be examined on merits and in accordance with plans approved by the Government of India if the plants are required for any planned industry.

(e) Yes, Sir. A list of applicants for plants and machinery for different industries is maintained.

As regards the possibility of obtaining Capital Goods from other countries, Government are exploring availabilities in the Continent of Europe and the information collected will be published in the form of pamphlets for the information of interested importers.

(f) No, Sir.

Seth Govind Das: Is it a fact that before the present Government came into power an effort was made so that orders may be placed in the United Kingdom even at a higher price?

The Honourable Sri C. Rajagopalachari: No, Sir. The parties interested went to the U K and Government did not interfere in the placing of the orders at all. As long as the industry concerned and private enterprise are having the control it is not easy to divert them from one country to another.

Shri Sri Prakasa: In view of the fact that there is a general feeling in this House that interested parties should never be approached or allowed to have anything to do in what they are interested in, will the Honourable Member see that the pamphlets mentioned by him reach only those who are not interested?

The Honourable Sri C. Rajagopalachari: I have not been able to follow the question.

Mr. President: Nor is it very necessary to do so.

Sri M. Ananthasayanam Ayyangar: May I know why attempts have not been made to import plant and machinery such as textile machinery from Japan if available?

The Honourable Sri C. Rajagopalachari: I hope Honourable Members are aware that the purchases referred to in this connection are made by the parties concerned and not by Government. Government only issue the licenses when applied for and give them information such as is available from time to time. As regards Japan I may tell Honourable Members that the American Government is firmly on the saddle there and does not allow things to be easily passed out.

Mr. Manu Subedar: Is it not a fact that Government are not giving the same facilities for import of machinery from Belgium, Czechoslovakia, Sweden and other Continental countries?

The Honourable Sri C. Rajagopalachari: It is not correct as put by the Honourable Member. It is possible that in some of these countries the situation is not yet settled enough for transactions to be concluded but Government will have no difficulty in giving any permission when it will be useful.

• INCREASE IN PRICES OF COMMODITIES DUE TO REMOVAL OF CONTROL

†1480. *Seth Govind Das: Will the Honourable Member for Industries and Supplies please state

(a) whether Government are aware that, as a result of the removal of controls, the prices of a number of commodities have shot up to high levels,

(b) whether Government are aware that increases in the prices of medicines and medicinal foods are causing hardship to the poor, and

(c) if so, what steps Government propose to take to remedy this state of affairs?

The Honourable Sri C. Rajagopalachari: (a) When the Hoarding and Price-Steering Prevention Ordinance ceased to have effect in the Provinces, the Government of India announced, in a press note, their intention to consider the re-imposition of the price and distribution controls, if it was found that there was a tendency on the part of the producers and dealers to exploit the consumer. Accordingly, in December last the Government of India addressed the Provincial Governments, asking for reports as to the supply position and the trend of prices of certain articles such as tomtam pens, clocks, cutlery, crockery, lead pencils, umbrellas, cycles, etc. Then views were also invited in regard to the desirability of re-imposing control over prices, and distribution of these articles. Only eight Provincial Governments have replied so far. These replies indicate that there has been a rise in prices in respect of articles but six of the Provincial Governments out of those who have replied are not in favour of re-imposing the control.

(b) So far as medicines and medicinal foods are concerned, the price control is being maintained by Provincial Laws or Ordinances and therefore there could not have been any increase in prices.

(c) Government do not feel that there are good enough reasons to re-impose controls already removed.

NON-OBSERVANCE OF COMMUNAL PROPORTION IN RETRENCHMENT OF MUSLIM EMPLOYEES IN INDUSTRIES AND SUPPLIES DEPARTMENT

†1481. *Mr. Ahmed E. H. Jaffer: (a) Will the Honourable Member for Industries and Supplies please state why the principle of communal ratio has not been observed in retrenching Muslim employees of the Department of Industries and Supplies?

(b) What was the proportion of Muslims in each technical designation under the Directorate of Leather manufacture in April 1944?

(c) What is the number of Muslims now existing in each of the aforesaid designations in comparison to non-Muslims?

(d) How many Muslims holding war appointments have been retrenched from service in each of those designations?

(e) Were the Muslims retrenched from Leather Directorate in excess of their quota of 25 per cent in their respective designations?

(f) If the answer to part (e) above is in the negative, how do Government propose to make up the deficiency in Muslim representation?

The Honourable Sri C. Rajagopalachari: (a) The principle is followed wherever applicable.

(b) to (f) All vacancies in technical designations in Ordinance (including Clothing and Leather) Factories are exempt from the orders governing communal representation in recruitment. The questions do not, therefore, arise. Even otherwise it is not possible to maintain any communal ratio in each particular designation. However I have placed on the table figures asked for in (b) (c) and (d).

†Answer to this question laid on the table, the questioner having exhausted his quota

Statement showing proportion of Muslims in each Technical designation under the Directorate of Leather Manufacture in April 1944 and their number in comparison to non-Muslims on the 1st March 1947

Technical Designation	Proportion of Muslims in April 1944	Number on the 1st March 1947 of		Number of Muslims holding war appointments, retrenched from service
		Muslims	Non-Muslims	
	Percentage			
1. Works Manager	0 0	Nil	2	Nil
2. Assistant Works Manager	9 5	4	6	Nil
3. Principal Foreman	0 0		1	Nil
4. Foreman	8 7		8	Nil
5. Assistant Foreman	5 7	1	19	2
6. Changan	10 6	10	39	3

PRODUCTION OF MORE DURABLE CLOTH BY TEXTILE MILLS FOR RURAL AREAS

†1482. *Pandit Sri Krishna Dutt Pahlwal: Will the Honorable Member for Industries and Supplies be pleased to state

(a) the steps Government are taking or propose to take, to make the Textile Mills produce more durable cloth to meet the requirements of the people, especially of the rural masses, and

(b) whether Government propose to consider the question of appointing a Statutory Commission to enquire and report as to the advisability of taking over the industry and running it exclusively in the interest of the consumers?

The Honourable Sri C. Rajagopalachari: (a) Government have not yet got the final recommendations of the *ad hoc* official committee set up to advise Government on the subject. I have nothing to add to what I have said in answer to questions on several occasions.

(b) No, Sir

MANUFACTURE IN INDIA OF MINING EQUIPMENT AND STORES

†1483. *Maharajkumar Dr. Sir Vijaya Ananda: Will the Honorable Member for Industries and Supplies please state whether Government propose to consider the advisability of appointing an expert committee of engineers to examine how far mining equipment both basic and ancillary and mining stores can be manufactured in India, if necessary by purchasing the patent rights of such machinery imported from abroad?

The Honourable Sri C. Rajagopalachari: Some items of mining equipment such as Rails, Cross-overs, Coal Tubs, Screening Plants, Head Gears, Steam Haulage Engines, etc. are being manufactured in India. The question of developing manufacturing capacity for other items will be considered in the light of the recommendations of the Panel on Industrial Plant and Heavy Machinery which are now under examination.

† Answer to this question laid on the table, the questioner being absent

DEVELOPMENT OF WIRE ROPE INDUSTRY IN INDIA

* †1484. ***Maharajkumar Dr. Sir Vijaya Ananda:** Will the Honourable Member for Industries and Supplies please state whether Government propose to take steps for the development of the Wire Rope Industry in India, as its products will shortly be required in large quantities for the aerial rope-ways to be constructed in the collieries in the near future?

The Honourable Sri C. Rajagopalachari: Wire ropes used in India cover a very wide range of qualities, specifications and sizes and the recurrent demand for each variety or size is very small. It is understood that the demand for even the most popular sizes would not constitute an economic load on one unit. As regards the demand for aerial rope-ways, it would appear that while the initial requirement will be considerable, the recurrent demand will not be so much. Without the prospects of a recurring demand, and having regard to the shortage of raw material it does not appear opportune to take steps to develop a Wire Rope Industry at present. But the matter will be further looked into.

SURVEY PROJECTS IN THE BENGAL ASSAM RAILWAY

1485. ***Mr. Tamizuddin Khan:** (a) Will the Honourable Member for Railways be pleased to state whether the survey work of the following survey projects in the Bengal and Assam Railway is— (i) Pandpur-Barsal; (ii) Gauripore-Mymensingh and (iii) Bahadurabad-Manikchari has been finished?

(b) If so, have the survey reports been received and have any decisions been arrived at on these reports?

(c) If not, why has no provision been made in the next year's budget for completing the survey work?

(d) Is there any likelihood of the construction work of any of these proposed lines being taken up during the course of the coming financial year?

The Honourable Dr. John Matthai: (a) and (b) The position is as follows—

(i) *Pandpur-Barsal*—Survey work of this project has been recently completed, and survey reports are being compiled by the Railway Administration.

(ii) *Gauripore (Mymensingh)-Saldapaulara*—There is no project called Gauripore-Mymensingh as mentioned by the Honourable Member perhaps Gauripore (Mymensingh, Saldapaulara is meant). Survey work of this project has been completed and survey reports have since been received. As this project will run less than 20 miles to the north of the existing Gauripore (Mymensingh)—Singhani section, it is not being pursued at present.

(iii) *Bahadurabad-Manikchari*—The project as originally sanctioned was Bahadurabad-Manikchari, but as a result of survey investigations, Singhani was chosen as the southern terminal in place of Bahadurabad to suit traffic and engineering considerations. Survey work of this project has been completed and survey reports have been received. No decision has, however, been taken for the construction of this line since the justification of this project in relation to other forms of transport in the Province is under consideration.

(c) Does not arise as survey work has been completed.

(d) It is not possible to say definitely if the construction of any of these lines will be taken in hand during 1947-48, as the decision for constructing lines can only be taken after all the implications of the projects have been studied.

Mr. Tamizuddin Khan: Is the Department consulting the Government of Bengal with regard to these projects?

The Honourable Dr. John Matthai: Yes, Sir. We consult the Provincial Governments on these matters.

*Answer to this question laid on the table, the questioner being absent

CONSULTING ENGINEERS EMPLOYED BY THE RAILWAY BOARD AND THE RAILWAYS

1486. *Mr. Manu Subedar: (a) Will the Honourable Member for Railways be pleased to state how many firms of Consulting Engineers are employed by (i) the Railway Board, and (ii) individual Railway systems?

(b) What are the terms and conditions, on which they are employed?

(c) Is it a running and continuous agreement or, is it terminable "and periodical"?

(d) Have the names of Indian firms been considered, or, have they been suggested?

The Honourable Dr. John Matthai: (a) (i) and (ii) The Railway Board and all Indian Government Railways employ the services of Messrs Rendel, Palmer and Tritton for general works and of Messrs Merz and McLellan for electrification works under agreements which exist between the Government of India and those firms.

(b) and (c) A copy of the documents relating to their terms and conditions has been placed in the Library of the House.

(d) At the time these agreements were entered into, the names of Indian firms were not considered or suggested.

Mr. Manu Subedar: Are the agreements running and continuous or are they terminable?

The Honourable Dr. John Matthai: They are terminable on notice being given.

Mr. Manu Subedar: May I know whether the services rendered by these people are quite equal to the amount of money paid to them and may I know what was the amount of money paid to them during any particular year for which the Honourable Member has got figures?

The Honourable Dr. John Matthai: I am afraid I am not in a position to give the figures straightway but I should be able to collect the information and give it to the Honourable Member later.

Mr. Manu Subedar: Is it not a fact that a recent report submitted by Messrs Rendel, Palmer and Tritton on the question of road-rail co-ordination was considered even by the British officials in the Honourable Member's Department as not worth the paper on which it was written?

The Honourable Dr. John Matthai: I must have notice of that question.

Sri M. Ananthasayanam Ayyangar: May I know if any attempts are being made to invite applications from Indians with a view to appointing Indian Engineers as Consulting Engineers?

The Honourable Dr. John Matthai: The whole policy of appointing Engineering Consultants is under the consideration of Government.

APPOINTMENTS CREATED IN POSTS AND TELEGRAPHS DEPARTMENT

1487. *Mr. Manu Subedar: (a) Will the Secretary of the Communications Department be pleased to state how many additional Gazetted and non-Gazetted appointments were created in the Posts and Telegraphs Department during the eighteen months before the end of the war, and what is their number on the Traffic, Engineering and Postal sections, how many are still retained, and why?

(b) Were any men in the Traffic Branch of the Posts and Telegraphs Department raised from Rs 370 to Rs 1,000 and from Rs 500 to Rs 1,000 and, if so, who were they and why?

(c) Have the qualifications of men, who were promoted to Class I Services in Traffic and Engineering Branches been taken into account?

(d) Is it a fact that some persons in these Branches in Class I are not multifunctional?

Mr. Masarrat Husain Zuberi: (a) The information is being collected and will be placed on the table of the House in due course

(b) During the period 1st October 1944 to 31st March 1946 no Traffic Branch Officers of the Posts and Telegraphs Department had their pay raised on promotion from Rs 870 to Rs 1,000

Two officers drawing Rs 500 in the scale of Rs 500-15,000 had their pay raised to Rs 1,000 on promotion in the pay scale Rs 1,000-50-1,500. The officers in question are Mr H Marks and Mr S Samson. The promotions were made on the advice of the Federal Public Service Commission in accordance with the normal rules.

(c) Promotion to posts in Class I in the Telegraph Traffic and Engineering Branches is made by Government by selection on the basis of merit, the service record and technical qualifications of the officers being taken into account.

(d) Yes.

Mr. Manu Subedar: May I know with regard to part (d) how people who have not passed even the Matriculation examination got raised to class I position?

Mr. Masarrat Husain Zuberi: There are only four such officers and they were recruited in 1913 when there was no Matriculation qualification imposed. I may explain, Sir, that the Telegraph Traffic Service, Class I is filled entirely by promotion and there is no direct recruitment. The recruitment is at the lowest level, that is at the Telegraphist level where we now have the minimum qualification of matriculation.

Mr. Manu Subedar: May I know what were the reasons for raising two officers from Rs 500 to Rs. 1,000 straightway?

Mr. Masarrat Husain Zuberi: Because there were vacancies in class I.

ABSENCE OF OVER-HEAD BRIDGE OVER RAILWAY LEVEL CROSSING NEAR SANTA CRUZ RAILWAY STATION IN BOMBAY

1488. ***Mr. Ahmed E. H. Jaffer:** (a) Will the Honourable Member for Railway be pleased to state if Government are aware that there is no over head bridge over the Railway level-crossing near Santa Cruz Railway Station in Bombay Suburban District?

(b) Are Government aware that the level-crossing is not opened immediately the trains depart, with the result that passengers are unable to reach the Santa Cruz Aerodrome in time and thus miss their planes?

(c) What steps do Government propose to take to construct an over-head bridge at this level-crossing?

The Honourable Dr. John Matthai: (a) Yes

(b) No complaints have been received that passengers are unable to reach the Santa Cruz Aerodrome in time and thus miss their planes on account of delays at the level crossing near Santa Cruz Railway station.

(c) Plans and estimates for the construction of an over bridge over the level crossing are under preparation.

INACCURACY OF COMMUNAL STATEMENTS FURNISHED BY RECRUITING AUTHORITIES OF POSTS AND TELEGRAPHS DEPARTMENT

1489. ***Mr. Tamsuddin Khan:** Will the Secretary of the Communications Department be pleased to state—

(a) whether Government are aware that communal statements furnished by subordinate recruiting authorities of the Posts and Telegraphs Department are sometimes inaccurate; and

†Answer to this question laid on the table, the questioner having exhausted his quota.

(b) if so, whether Government in the Posts and Telegraphs Department intend to allow examinations of the same by authorised agents of recognized service organisations?

Mr. Masarrat Husain Zuberi: (a) No

(b) No. The Government are not prepared to allow their official records to be scrutinised by agents of Department Unions.

ALLEGED "HUGE FRAUD UNCOVERED IN CENTRAL TELEGRAPHS" AS REPORTED IN *Blitz*

1490. *Mr. Manu Subedar: (a) Will the Secretary of the Communications Department be pleased to state whether the attention of Government has been drawn to a report in the News Magazine "*Blitz*" of the 1st March 1947, under the heading "Huge fraud uncovered in Central Telegraphs"?

(b) What steps are Government taking in order to investigate the case?

(c) Do Government propose to make a statement of the facts of the case as far as they are known to them?

Mr. Masarrat Husain Zuberi: (a) Yes

(b) and (c) The Posts and Telegraphs Department handed the case to the Police for investigation long ago. I regret that at this stage the details cannot be made public.

Mr. Manu Subedar: Will the Honourable Secretary tell this House who committed this fraud and what are the amounts involved?

Mr. Masarrat Husain Zuberi: As the case is being investigated I regret I cannot say anything.

Sri M. Ananthasayanam Ayyangar: Were the steps initiated by the Department or were they taken only after the matter was brought out by *Blitz*?

Mr. Masarrat Husain Zuberi: The *Blitz* cannot take credit for it. We knew it long ago.

Shri Mohan Lal Saksena: May I know how long the police will take to take action in the matter?

Mr. Masarrat Husain Zuberi: I believe, Sir, that they are taking final action very soon, within a week.

Mr. Manu Subedar: Will the Honourable Secretary tell this House where this event took place, how many officials were concerned and what are the amounts which are estimated to have been involved?

Mr. Masarrat Husain Zuberi: I am afraid I won't disclose these details.

Sri M. Ananthasayanam Ayyangar: Is the matter still in course of investigation by the Department or is it now done by courts of law?

Mr. Masarrat Husain Zuberi: It is being investigated by the police and my information is that they are going to put the chalan in the Court within a week.

AGREEMENT re PRODUCTION OF DEHYDRATED MEAT BETWEEN THE CENTRAL FOOD DEPARTMENT AND DEHYDRATED MEAT COMPANY OF POONA

1491. *Mr. Manu Subedar: (a) Will the Secretary of the Food Department be pleased to state whether the attention of Government has been drawn to a report in the News Magazine "*Blitz*" of the 1st March 1947, under the heading "Samuel Dehydrated" relating to the agreement between the Central Food Department and Dehydrated Meat Co. of Poona for producing dehydrated meat?

(b) Do Government propose to make a statement of the facts of the case as far as they are known to them?

(c) What steps are Government taking in order to investigate the allegations?

(d) Which high official of the Department was concerned with sanctioning and watching over the execution of the work entrusted to the firm in question?

Mr. K. L. Panjabi: (a) Yes, Sir

(b) In 1944 Government entered into a contract with Mr. Samuel for producing dehydrated meat for the Defence Services based on cost *plus* profit of five per cent. He produced 30 tons during the educational period of the contract on which the profit stipulated was withheld, on account of the high cost of production. Subsequently he produced 443 tons at a profit fixed at approximately three per cent, which also has been withheld pending action on a complaint made by a dismissed employee that Mr. Samuel has been manipulating the accounts.

(c) The complaint was referred to the Police who made a most detailed enquiry. The Police report was examined in the Legislative Department by the Government Solicitor, who advised against criminal prosecution and suggested civil action. This is being taken and in the meanwhile all payments to the firm have been withheld.

(d) The then Deputy Director General (Mr. A. P. Hume) and the Chief Director of Purchase (Brigadier E. J. Boughton) were concerned with the sanction and watching over the execution of the work of the firm, assisted with a Military Officer of the rank of Captain, stationed at the factory premises.

Mr. Manu Subedar: Arising out of this may I enquire whether Government have looked into the cost figures of other people who may also have sold to Government on the cost *plus* five per cent basis?

Mr. K. L. Panjabi: Yes, Sir, we did look into the cost figures of some other dehydration factories too but could find no evidence on which to take any action.

Mr. Manu Subedar: Have not the Government got comparative figures of cost in different places and could they not come to any conclusions from them?

Mr. K. L. Panjabi: The allegation in this case was that goats were purchased at a price lower than that charged to Government. There is no question of comparison with costs in other factories because the prices of goats vary from region to region.

DISCRIMINATION BY AERODROME OFFICER AT DUM DUM IN ASSIGNING BUILDINGS AT AERODROMES TO CERTAIN AVIATION COMPANIES

†1492. **Mr. Manu Subedar:** (a) Will the Secretary of the Communications Department be pleased to state if any instructions have been given to the Aerodrome Officer or Inspectors at Dum Dum, or to any other officers to show special favour to any particular Aviation Company in any respect?

(b) Is it a fact that, in assigning building at the Aerodrome, special facility was given to certain Companies, which was not extended to other Companies under similar circumstances?

(c) How many buildings have been given to various Companies, when and on what terms?

(d) Which Aerodrome Officer was concerned in this and do Government propose to ascertain whether he did in effect exercise discrimination between one Company and another?

Mr. Masarrat Husain Zuberi: (a) No

(b) No

(c) A statement is laid on the table of the House. The rates for housing of aircraft in hangars at Government aerodromes are prescribed in Schedule V of the Indian Aircraft Rules 1937.

(d) Does not arise. The Government however repudiates the insinuation underlying in this part of the question. No undue favour is shown to any Company.

Statement showing hangars buildings and other accommodation occupied by different operating companies at Calcutta Airport, Dum Dum (As on 24th Mar 1947)

Name of Operating Company	Name of Building occupied	Area occupied in sq. ft.	Date of occupation	Terms of allotment	Rate of rent (per 100 sq. ft. per mensem)	Remarks
I. A. S. & T., Ltd. & Bengal Government.	(a) Hangar No. 1 . . .	13,400		Monthly tenancy basis, terminable on one month's notice and payment of standard rent of the premises.	Rs. 6	
	(b) Annex to hangar 1	3,170		Do	6	
	(c) Hangar No. 10	19,392		Do.	8*	Not occupied due to defective roof.
	(d) Officers quarters at 14, The Mall.	3,560		Do	3*	
	(e) Hangar No. 9 . . .	21,014		Do	4*	
Airways India Ltd.	(b) Annex to hangar 9 . .	4,306		Do.	4*	
	(c) Terminal Building (Counter).	190		Do.	10*	Half of the Counter with Tata Air Lines
Tata Air Lines	(a) Annex to Hangar 9 . .	858		Do.	4*	
	(b) Terminal Building (Counter).	190	These allotments are as on 26th March 1947. There has	Do	10*	Half of the counter with Airways India.

Dalmia Jan Airways'	(a) Hangar No. 11	24,576	been considerable re-shuffling from time to time and actual dates of occupation of each portion have not been given. Except for hangar etc. space in 4 C. M. U. area, floor space allotted to each company remains essentially the same irrespective of changes in actual location	Do.	8*
	(b) ½ Engine + Shed	13,650		Do	3*
	(c) Garage and Washing pit in form (CMU area)	953		Do	3*
	(d) Oil store (CMU area)	1,292		Do.	3*
	(e) Officers Quarters at 14, The Mall (5 Nos. 1 double quaters)	2,136		Do.	3*
	(f) Menials Quarters (Nos 5)	1,000		Do	3*
I. N. A., Ltd.	(a) Terminal Building (Controller's Office)	365		Do.	10*
	(b) Annex to hangar No 3	103		Do.	6*
	(c) Freight Shed	677		Do.	3*
Mistri Airways	(a) Terminal Building (Counter)	190		Do.	10*
Netherlands Government Air Transport	(a) Terminal Building (Counter)	350		Do	10*
	(b) Terminal Building (1 room)	76		Do	10*
Air France	(a) Terminal Building (1 room)	76		Do	10*
Mostra & Co.	(c) Freight Shed	677		Do	3*

* Rate fixed provisionally, pending fixation of the standard rent, which will be determined, when the completion cost of the building is known.

Half of the counter with Bharat Airways

[9TH APRIL 1947]

Name of Operating Company	Name of Building occupied	Area occupied in sq. ft.	Date of occupation	Terms of allotment	Rate of rent (per 100 sq. ft. per mensem)	Remarks
C N A C	(a) Hangai No 2	15,000		Monthly tenancy basis, terminable on one month's notice and payment of standard rent of the premises	Ra 6	
	(b) Annex to Hangai No 2	2,720		Do	6	
	(c) Garages (8 Nos)	1,720		Do	3*	
	(d) Workshop (South) of Hanger No 2	4,822		Do	3*	
	(e) Workshop (West of H 2)	465		Do	3*	
	(f) Workshop (North of H 2)	3,583		Do	3*	
Blairt Airways	(a) Hanger No 13	31,762		Do	5*	
	(b) Terminal Building (Counter)	190		Do	10*	
	(c) Admin Block (4 CMU)	1,708		Do	3*	Half Counter with Blairt Airways 1/4 of the Control-ler's Office (4 CMU)
	(d) Side room attached to Admin. Block	130		Do.	3*	These allotments are as on 25th March 1947. There has

(e) Store attached to Hangar 13.	6,344	been considerable reshuffling from time to time and actual dates of occupation of each portion has not been given. Except for Hangar 13, space in C. M. U. area, floor space allotted to each company remains essentially the same irrespective of changes in actual location	Do.	5*
(f) Office attached to Hangar 12	835		Do	5*
(g) Dope Store	1,320		Do	3*
(h) Tailor Pump House	236		Do	3*
(i) Freight Shed	1,726		Do	3*
(j) Watchman's Post (Time Office)	1,218		Do	3*
(a) Hangar No 12	31,752		Do	5*
(b) Terminal Building (Counter)	380		Do	10*
(c) Store attached to Hangar 12	6,302		Do	5*
(d) Watchman's Post (Time Office)	1,218		Do	3*
(e) Watchman's Post No 4	143		Do	3*
(f) Canteen Building (Accots Portion)	3,005		Do	3*
(g) Admin Block (CMU)	1,708		Do	3*
(h) Car Park	786		Do	3*
(i) Residential quarter. (Mentals)	3,400		Do	3*

† of the Control-
ler's Office (CMU)

* Rate fixed provisionally, pending fixation of the standard rent, which will be determined, when the completion cost of the building is known.

Orient Airways

Name of Operating Company	Name of Building occupied	Area occupied in sq. ft.	Date of occupation	Terms of allotment	Rate of rent (per 100 sq. ft. per month)	Remarks
<i>Accommodation occupied by operating Companies by arrangement with R. A. F.</i>						
Mistri Airways	Annexe to hangar No 7	315				Hangars Nos 6 and 7 and their annexes will be taken over from the R. A. F. and will be set apart for common use, in which accommodation will be given to B. O. A. C, K. L. M., Air France, I. N. A., Air India Ltd., Mistri Airways, etc.
N. C. A. T.	Annexe to hangar No 6	1,133				
Air France	Annexe to hangar No 6	1,133	.....		
Bharat Airways	Annexe to hangar No 7	475				
Orient Airways	1 of Hangar No 6	16,380				
B. O. A. C.	1 of Hangar No 6	16,380				
	Annexe to Hangar 6 (4 rooms)	2,403				

LEGISLATION ON THE RECOMMENDATIONS OF THE HINDU LAW COMMITTEE

1493. *Shrimati Ammu Swaminadhan: (a) Will the Honourable the Law Member be pleased to state if in view of the recommendations of the Hindu Law Committee Government propose to take steps to introduce the Code is drafted and revised by the Committee in the form of a Government Bill during the present session of the Assembly?

(b) Are Government aware that Bills embodying some of the recommendations of the Committee have been passed or introduced or are being prepared in some of the Provinces?

The Honourable Mr. Jogendra Nath Mandal: (a) I will move for leave on Friday next to introduce a Bill in the precise form of the draft Code prepared by the Committee

(b) A Bill provide for the prevention of bigamous marriages among Hindus has been passed by the Bombay Legislature and according to a recent press report by the Legislature of the North-West Frontier Province I understand that a private Bill with the same object has been introduced in the Madras Legislature I also understand that a Bill to provide for divorce in respect of Hindu marriages has been passed by the Bombay Assembly I have no further information of relevant provincial legislation, whether pending or projected

Shri Sri Prakasa: In view of the fact that notices sent out to us say that the Honourable Member is going to ask for leave to introduce a Bill 'to amend and modify certain branches of the Hindu Law', will he kindly tell us if he is going to introduce the whole Code as drafted by the Rau Committee in the form of his Bill or only some parts of it?

The Honourable Mr. Jogendra Nath Mandal: The entire Code—all the branches of it

Shrimati Ammu Swaminadhan: May I know what is the next step which Government propose to take after introducing the Bill? Is the Bill going to be circulated?

Mr. President: That will depend upon the House

The Honourable Mr. Jogendra Nath Mandal: I may add one point I think I should let the House know it Government propose to circulate the Bill by executive order and Government may, in the next session of the Assembly move a motion for reference to a Joint Committee of both Chambers of the Legislature

Shri Sri Prakasa: Could we have copies of the Code distributed among us or could we purchase it?

The Honourable Mr. Jogendra Nath Mandal: Due to the strike in the Press, printed copies of the Bill with the recommendations of the Committee could not be had The printed copies will be circulated among the Members of the Legislature but for the public, it will be a priced publication

Lala Deshbandhu Gupta: With reference to the reply given to part (b), may I know whether Government have considered the desirability of extending these Bills as passed by different provinces to the province of Delhi under the Delhi Laws Act?

The Honourable Mr. Jogendra Nath Mandal: As I understand it the Bill will be operative over the whole of India.

Lala Deshbandhu Gupta: Let me make myself clear A Divorce Bill has been passed by the Bombay Legislative Assembly Will Government consider the desirability of extending it to the province of Delhi, under the Delhi Laws Act, just by an executive order?

The Honourable Mr. Jogendra Nath Mandal: No Sir

Shri Sri Prakasa: Why are there repeated strikes in the Press during the session of the Assembly?

Mr. President: That does not arise out of the question

CONTRAVENTION OF HOME DEPARTMENT INSTRUCTIONS IN THE MATTER OF CONFIRMATION OF TRACERS IN THE BRIDGE BRANCH OF THE N. W. RAILWAY

1494. *Hafiz Mohammad Abdullah: (a) Will the Honourable Member for Railways please state community-wise the number of Tracers, Class I, Grade I, confirmed during the month of June 1946, in the Bridge Branch of the North Western Railway?

(b) Is it a fact that these confirmations were made in contravention of Government of India Home Department Resolution, dated the 4th July 1934, and the Instructions issued by the Railway Board which clearly stipulate that these confirmations should be made in accordance with the communal rotation order?

(c) Is it a fact that the Assistant Secretary, North Western Railway admitted in his letter No 752-F/54 (E III), dated the 22nd June 1946, that there is a deficiency in the Muslim quota?

(d) If the replies to parts (b) and (c) above be in the affirmative, do Government propose to take any steps to make good the deficiency in the number of Muslims confirmed and if not, why not?

The Honourable Dr. John Matthai: (a) The number of persons of each community who were confirmed as tracers, Class I, Grade I, in June 1946 in the Drawing Branch (Bridge) of the Headquarters Office of the N W Railway was one Hindu, three Muslims, three Sikhs and one Indian Christian.

(b), (c) and (d) Details have been called for from the N W Railway Administration and I will lay a statement on the table of the House in due course.

Shri Sri Prakasa: Could the Honourable Member tell us what are the different communities which his Department recognises?

The Honourable Dr. John Matthai: All the Principal communities in the country.

Sri M. Ananthasayanam Ayyangar: In view of the fact that questions are constantly coming up with regard to the filling of vacancies according to the ratio, will the Honourable Member see, at least so far as his department is concerned, that a committee is set up to keep a watch over this from time to time?

The Honourable Dr. John Matthai: The information called for is with regard to the actual number of people belonging to these communities who are in employment. The ratios have been prescribed by an order of Government but it is not always possible at any given time to say that the ratios are exactly observed. There are various circumstances which may make it difficult for those ratios to be observed from time to time. The information asked for relates only to actual employment.

Sri M. Ananthasayanam Ayyangar: If the ratios cannot be made up for want of competent persons, has the Government ordered that the special reasons should be communicated to Government, so that they may be in touch with what is going on?

The Honourable Dr. John Matthai: The Railway Administrations have strict instructions to see that these ratios are carefully observed but if we are going to ask for information from here, the information would cover such a wide range that it would be hardly practicable and it is hardly worth while.

Sri M. Ananthasayanam Ayyangar: Are periodical statements sent to Government as to why the ratios are not kept up?

The Honourable Dr. John Matthai: We have a clear idea. The question here relates to the number of people in actual employment of different communities on a particular date.

Sri M. Ananthasayanam Ayyangar: Will the Honourable Member see that this work is not taken up from time to time in filling up the various vacancies?

The Honourable Dr. John Matthai: This is a plain request. I do not see any scope behind it.

COLLECTION OF LAC CESS IN 1946

1495. *Babu Ram Narayan Singh: Will the Secretary of the Department of Agriculture be pleased to state

(a) the amount of Lac Cess collected in the year 1946,

(b) the amount of expenditure incurred in respect of all Governmental Organisations connected with research in lac in the year 1945-46, and

(c) the particular achievements of Lac Research Institute and the service done by it to Lac Industry in 1945-46?

Sir Pheroze Kharegat: (a) Rs. 2,53,880 in the year 1945-46

(b) Rs. 3,30,929 in the year 1945-46

(c) A reference is solicited to the annual report of the Indian Lac Research Institute a copy of which has been placed in the library of the House.

Babu Ram Narayan Singh: What has the Institute done towards greater production of lac?

Sir Pheroze Kharegat: A great deal of research has been carried out on the entomological side in order to prevent the insects being damaged by other insects and in order to find out what are the best forms of treatment of the trees in order to encourage the lac insect.

Sri M. Ananthasayanam Ayyangar: Have any steps been taken to extend the production of lac and distribute it over the various parts of the country?

Sir Pheroze Kharegat: At present the greater part of the lac is produced in Bihar in the forest areas there but a certain amount of production is taking place in other parts of the country as well and it is for the Provincial Governments concerned to encourage further production in those areas where the climatic conditions are suitable for the purpose.

Seth Govind Das: Is it a fact that there was lac production in the C.P. a few years ago and it has deteriorated in recent years?

Sir Pheroze Kharegat: A good deal of lac was produced in the C.P. I have no information about deterioration but I shall make inquiries.

Babu Ram Narayan Singh: May I know whether the Institute has discovered any steps which might ensure greater price for the producer of lac?

Sir Pheroze Kharegat: It cannot secure a better price but what it is trying to do is to find out other and better ways of utilising the lac which will result in a greater demand for the lac and thereby we hope to secure better price, but the position at present is that there is an acute shortage of lac and the price is already extremely high.

LINKING BY AIR SERVICE OF SRINAGAR WITH DELHI, LAHORE AND RAWALPINDI

1496. *Shri Mohan Lal Saxena: (a) Will the Secretary of the Communications Department please state whether it is a fact that, in view of the enormous tourist traffic to Srinagar, the question of linking Srinagar with Delhi, Lahore and Rawalpindi by an air service is under examination?

(b) If the question of such an air service has already been examined, do Government propose to state as to what stage the negotiations have reached and when such an air service can be expected to function?

(c) Have the Government of His Highness the Maharaja of Jammu and Kashmir agreed to accept the Air Transport Licensing Rules as framed by the Government of India and as administered by the Air Transport Licensing Board?

Mr. Masarrat Hussain Zuberi: (a) Yes. Some air transport companies have applied to the Air Transport Licensing Board for licences to operate air services to connect Srinagar with other towns in India.

(b) A scheduled air transport service to Srinagar involves many technical difficulties, particularly the suitability of the aerodrome and the provision of Radio Aids to Navigation in view of the difficult nature of the terrain to be crossed and the bad weather experienced over the hills. All these factors are being carefully investigated. No date for the commencement of the service can be given as it will depend on the completion of the required route organisation and on the consent of the authorities concerned.

(c) Not yet. The matter is still under the consideration of His Highness's Government.

Statement showing the names of Air Transport Companies who have applied for Licences to operate Air Services to connect Srinagar with other towns in India.

1	Indian National Airways Ltd, New Delhi	Delhi-Lahore-Rawalpindi-Srinagar
2	Ditto	Rawalpindi-Srinagar
3	Orient Airways Ltd, Calcutta	Lahore-Srinagar
4	Aryan Airways Ltd, Bombay	Lahore-Srinagar
5	Segal Air Transport Ltd, New Delhi	Delhi-Ambala-Lahore-Chaklala-Srinagar
6	Ditto	Bombay-Baroda-Ahmedabad-Jaipur-Chaklala-Srinagar
7	Mitra Airways Ltd, Bombay	Bombay-Ahmedabad-Jodhpur-Bikaner-Lahore-Srinagar

RECRUITMENT OF TOWN INSPECTORS OF POST OFFICES

1497. *Sree Satyapriya Banerjee: (a) Will the Secretary of the Communications Department be pleased to state what the system of recruitment of the Town Inspectors of Post Offices is?

(b) Are the posts only for three years and are the incumbents of these posts to be reverted to their former posts, if so, what is the policy underlying it?

(c) Were representations made by the Town Inspectors in May, 1946 and later by the President of the Post and Telegraph Federation demanding the stoppage of reversion and upgrading of these posts into Lower Selection Grade or creation of a separate cadre for them? If so, what was the result?

(d) Is it a fact that on the matter being referred to the Honourable Member for Communications, he remarked that he did not approve of the principle of reversion? If so, what do Government propose to do in respect of the Town Inspectors who have been so reverted?

(e) Do Government propose to consider the desirability of stopping reversion or extending tenure of these posts from three to five years pending final decisions? If not, why not?

Mr. Masarrat Hussain Zuberi: (a) The recruitment of Town Inspectors is made by selection subject to certain conditions.

The object is to afford opportunities to the largest number of young, deserving officials in each Postal Division to obtain training as Town Inspectors so that they may gain knowledge of procedure of enquiries and acquire experience of dealing with the public.

(c) and (d) Representations as stated were received. The remark attributed to the Honourable Member is not correct. He only promised to consider the suggestions made in the representations. On examination it was decided that the *status quo* should be maintained.

(e) No. As stated in reply to part (b), opportunity must be given to the largest number of suitable officials.

Sree Satyapriya Banerjee: Is it not a fact that after reversion the Town Inspectors are made to work under those whose work they supervised as Town Inspectors?

Mr. Masarrat Hussain Zuberi: That is not so. The Town Inspectors are recruited from the clerical cadre and so are reverted to the clerical cadre. They do not, as Town Inspectors, supervise the work of the clerks.

Sree Satyapriya Banerjee: Has then case been brought to the notice of the Central Pay Commission?

Mr. Masarrat Hussain Zuberi: I am not sure, but they must have represented.

Sri M. Ananthasayanam Ayyangar: What is the agency which recruits these Towns Inspectors?

Mr. Masarrat Hussain Zuberi: They are selected by the Superintendents of each Circle.

Sri M. Ananthasayanam Ayyangar: Why is it that their recruitment is not entrusted to the Federal Public Services Commission or the Local Public Services Commission to which similar business is entrusted by the Central Government?

Mr. Masarrat Hussain Zuberi: These Town Inspectors are clerks who are already working in the Department and they are appointed just for a period of three years. While they are serving as Town Inspectors, they are given an allowance of Rs. 30 a month.

Mr. President: The question hour is over.

(b) WRITTEN ANSWERS

HELP TO PROVINCES FOR IMPROVEMENT OF MILK SUPPLY

1498. ***Mr. Mohammad M. Killekar:** With reference to the reply to part (d) of starred question No. 1099 asked on the 21st March 1947 regarding the help given to the Provinces for establishment of dairies and improving the milk supply, will the Secretary of the Department of Agriculture kindly state

(a) how much amount is being given to each Province as help for improving the milk supply,

(b) whether schemes are submitted by the Provinces to the Government of India for approval, and

(c) whether any scheme has been submitted by the Government of Bombay, if so, whether Government propose to place it on the table of the House?

Sir Pheroze Kharegat: (a) A statement is placed on the table.

(b) Only those schemes are sent to the Government of India in respect of which financial assistance from the Centre is required.

(c) The two schemes set up by the Government of Bombay for 1947-48 provide for the appointment of dairy development staff and for the distribution of imported concentrates at subsidised rates to the owners of milch cattle. A copy of the latter scheme is placed on the table.

Statement showing loan and grants given to different Provinces for increasing and improving the milk supply

Name of Province	Loan and Grant sanctioned during 1945-46		Grant sanctioned during 1946-47
	Grant	Loan	Grant
	Rs.	R.	Rs.
1 Andhra Pradesh	57'2		1 92 000
2 Assam	2 73 041		60,638
3 Bihar			19 12 460
4 Bengal	10 107		
5 Bombay	12 22 556		11 86 624
6 Central Provinces	41 522	1 00 000	
7 Cochin			4 050
8 Madhya Pradesh	3 77 000	0 000	29 000
9 Madras			32 340
10 Punjab			37 200
11 Sind			11 912
12 U.P.	21 800		3,97 750
Total	20,03 43	1 00 000	57 73 579

Subsidy for cattle at subsidised rates to the owners of milk cattle in Bombay Province during the year 1947-48

It is anticipated that during the year 1947-48 about 25 000 tons of cottonseed will be purchased by this Government in Sind and 5 000 tons in Hyderabad (Deccan). Besides 5 000 tons of cottonseed is expected to arrive from Portuguese East Africa according to the arrangements already made. Out of the imported stocks 21,000 tons would be reserved for consumption in Bombay City and Bombay Suburban District and the remaining 14 000 tons of cottonseed will be supplied to the districts. The average landed cost in Bombay of Sind cottonseed is expected to be about Rs. 13 per Bengal Maund and that of cottonseed imported from Hyderabad (Deccan) and Portuguese East Africa Rs. 10 and Rs. 11.40 per Bengal Maund respectively. The imported seed will be sold to cattle owners at the subsidised rate of Rs. 8 per Bengal Maund. The total loss to Government in this respect is estimated to be Rs. 41 17 025.

There remains yet a balance of 4 000 tons of wheat bran from the original imported quota allotted to this Province from Argentina by Government of India. It is proposed to obtain it after April 1947 when the present imported stocks of wheat bran have been exhausted. The loss on this account would be about Rs. 2 43 000. Taking into consideration any further loss that might be incurred on fresh imports of concentrates during the next financial year I am to request that the Government of India may please be moved to sanction a subsidy of Rs. 25 00 000 to this Province for meeting 50 per cent of the total loss that would be incurred by this Government on the sale of imported concentrates to owners of milk cattle next year.

EXPENDITURE ON SALVAGE OF DRY CATTLE

1499. *Mr. Mohammad M. Killedar: With reference to replies to parts (f) and (h) of starred question No. 1113 asked on 21st March 1947 regarding the expenditure incurred on schemes for salvage of dry cattle will the Secretary of the Department of Agriculture please state

(a) whether the Government of India are contributing anything towards these schemes, and if so, how much to each Province,

(b) whether the schemes submitted by the Government of Bombay are successful, and

(c) whether any of the dry cattle farms started by the Government of Bombay are now closed for not being successful? If so, what are their names?

Sir Pheroze Kharegat: (a) A grant of Rs. 15,900 was given to Madras in 1945-46 and of Rs. 12,500 in 1946-47. No grant for cattle salvage has been given to Bombay as the Provincial Government did not ask for any financial assistance.

(b) The Bombay Government consider that the scheme has been as successful as can be expected in the restricted conditions of cattlefeed and hay prevailing. In the last two years 74,865 cattle belonging to some 3,000 cattle owners have been salvaged of which 39,697 were returned to the original owners.

(c) Two dry cattle farms were started and are functioning at Palghar and Jamner, a third farm is now proposed to be started at Kedgaon in Sholapur. The farm at Palghar is self-supporting owing to income from sale of animals, out of 870 buffaloes maintained 512 were sold. No Government farm has been closed.

SUBSIDY TO PROVINCES FOR DEVELOPMENT OF FLYING CLUBS

1500. *Shri Mohan Lal Saksena: Will the Secretary of the Communications Department be pleased to state

(a) whether the Central Government are giving subsidies to Provincial Governments for encouraging the development of Flying Clubs, if so what amount is being given to the United Provinces

(b) whether Government are aware that the United Provinces Government have promoted a Provincial Flying Club and have subsidized the same,

(c) whether it is a fact that that Flying Club has applied for any aid from the Government of India;

(d) whether it is a fact that the Director-General of Civil Aviation has promised to give the United Province Flying Club a Bellman Hangar free of cost, and

(e) if so, what action has been taken by Government in that behalf?

Mr. Masarrat Hussain Zubari: (a) Government of India pay subsidies direct to the flying clubs and not to Provincial Governments.

(b) Yes.

(c) Yes

(d) No

(e) Provision for the housing of the Provincial Flying Club aircraft is being made in a Government hangar at Amausi which is expected to be ready in July or August 1947.

UNITED PROVINCES PROVINCIAL FLYING CLUB

1501. *Shri Mohan Lal Saksena: Will the Secretary of the Communications Department be pleased to state

(a) whether Government are aware that the objects of the United Provinces Provincial Flying Club are to have a Central Organisation at Lucknow and to open branches, first, in Cawnpore and later in all the University towns of the Province,

(b) whether the United Provinces Provincial Flying Club has applied for any training machines;

(c) whether it is a fact that the Director-General of Civil Aviation has assured the United Provinces Provincial Flying Club that they would get training machines after they have employed the requisite staff,

(d) whether Government are aware that on that assurance they have already employed a staff costing about Rs 8,000 per month,

(e) if so, what are the reasons for the delay in providing the Flying Club with the machines,

(f) whether it is a fact that the United Provinces Provincial Flying Club has applied to the Government of India for permission for the free use of Government Aerodromes inside and outside the Province, and

(g) if so, what action has been taken by the Government of India in that behalf?

Mr. Masarrat Husain Zuberi: (a) Yes, but Cawnpore has a Flying Club of its own

(b) Yes, the Lucknow Flying Club has applied

(c) It is an essential preliminary to the allocation of aircraft that the necessary instructional and maintenance staff should be available

(d) It is understood that this expenditure is being borne in respect of joint operations of a flying club and a Provincial Communication Flight

(e) Government have sanctioned the loan of six aircraft to the Lucknow Flying Club. Two have been allotted and collected by the Club and four will be allotted when they become available after reconditioning in the Hindustan Aircraft Factory, Bangalore

(f) Yes

(g) The concession of free use of Government aerodromes by flying club aircraft is restricted to the parent aerodrome

MUSLIMS IN INDIAN COUNCIL OF AGRICULTURAL RESEARCH (STATISTICAL BRANCH)

1502 ***Mr. Shah Nazar Hasan:** Will the Secretary of the Department of Agriculture please state

(a) whether it is a fact that in the list of officers in the Indian Council of Agricultural Research (Statistical Branch) as published by the Department, there is not a single Mussalman, and

(b) whether a Muslim ever applied for appointment to any post in the Statistical Branch?

Sir Pheroze Kharegat: (a) One Muslim has recently been appointed as Statistical Assistant. It is not feasible to maintain the proper communal proportion in every section of an office and the number of Muslims in the Indian Council of Agricultural Research Office is 25 out of 84

(b) For gazetted posts in the Statistical Branch only one Muslim was called for interview by the Federal Public Service Commission, he was not selected. For non-gazetted posts, one Muslim was selected but he did not join. Steps are nevertheless being taken to find Muslims for posts which have been kept vacant for the purpose. Out of 27 candidates selected for training, six were Muslims but one of them did not join.

ISSUE OF CLOTH RATION CARDS IN DELHI

1503. ***Babu Ram Narayan Singh:** Will the Honourable Member for Industries and Supplies be pleased to state

(a) the total number of Ration Cards for cloth issued in Delhi for the last quarter ending the 28th February, 1947, and

(b) the quantities of coarse and fine cloth allotted to Delhi and issued to all the Ration Permit holders in the last quarter?

* **The Honourable Sri C. Rajagopalachari:** (a) 207,278

(b) 213 bales of fine cloth and 1,530 bales of coarse cloth were allotted to Delhi in the last quarter. The quantities made available for sale were 512 bales of fine cloth and 2,696 bales of coarse cloth. Out of this about 353 bales of fine cloth and 2,620 bales of coarse cloth were actually sold to permit-holders.

ISSUE OF COUPONS FOR CLOTH RATION PERMITS

1504. ***Babu Ram Narayan Singh:** Will the Honourable Member for Industries and Supplies please state

(a) whether Government are aware that the system of issuing coupons for Cloth Ration Permits was changed in Delhi in the last quarter ending the 28th February, 1947, and if so, why,

(b) whether Government are aware that according to the old system the units could be divided into smaller parts and if so, whether Government propose to consider the desirability of restoring the old system and

(c) whether Government are aware that Cloth Ration shop-keepers are not given coarse and fine cloth in the proportion to that allowed in Cloth Ration Permits and if so, whether Government propose to consider the desirability of taking steps to have the two varieties issued in the correct proportion.

The Honourable Sri C. Rajagopalachari: (a) and (b) The change of system mentioned by the Honourable Member has now come to my notice and my Department are addressing the Delhi Administration with regard to restoration of the previous system.

(c) Yes, Sir, I am investigating whether it is possible so to arrange deliveries from mills that they conform to the proportion of coarse and fine cloth permits issued by the Delhi Administration.

SALE OF RATIONED CLOTH IN DELHI BLACK MARKET

1505. ***Babu Ram Narayan Singh:** Will the Honourable Member for Industries and Supplies please state whether Government are aware that in Delhi city, Rationed Cloth is openly sold in the black market and if so, what are the measures Government have taken or propose to take to check it?

The Honourable Sri C. Rajagopalachari: Government are aware that in certain places in Delhi city rationed cloth has been sold at black market rates. The Enforcement Branch of the Delhi Civil Supplies organisation organised four raids on the 21st and 25th February last, and arrested four big shop-keepers and recovered several hundred yards of fine rationed cloth. In 1946, 142 cases of black marketing were registered by the Enforcement Branch against dealers. Ninety-two of these cases resulted in conviction and twelve in acquittal. Thirty-eight cases are pending.

RUNNING OF A THROUGH THIRD AND INTER CLASS COACH BETWEEN DELHI AND LUCKNOW

1506. ***Shri Mohan Lal Saksena:** Will the Honourable Member for Railways be pleased to state—

(a) whether Government are aware that there is no direct train service between Delhi and Lucknow for third class passengers,

(b) whether Government are aware of the hardships which this class of passengers have to experience while changing at Cawnpore, or at Moradabad, on account of overcrowding in the connecting trains,

(c) whether it is a fact that prior to the war there was a fast through train between Delhi and Lucknow for all classes of passengers;

(d) whether any action has been taken to re-introduce the direct train service referred to in part (c) above, now that the war is over,

(e) if the reply to part (d) above be in the negative, what steps Government propose to take to relieve the present difficulties of travel experienced by the third class passengers between Delhi and Lucknow, and

(f) whether Government propose to consider the desirability of attaching a composite Inter and Third Class through coach to a fast Express or Mail train both *via* Cawnpore as well as *via* Moradabad, if running a through-train is not found feasible?

The Honourable Dr. John Matthai: (a) There is no direct train service between Delhi and Lucknow for any class of passengers but through service carriages are running between Delhi and Lucknow which have no accommodation for third class passengers

(b) Government are aware that a certain amount of inconvenience involved in changing trains is aggravated these days by the state of overcrowding in trains

(c) Yes

(d) The restoration of the through service train between Delhi and Lucknow will be considered in the order of priority to be determined by the Railway Administration in relation to urgent public needs on other sections of the Railway

(e) and (f) The Railway Administration to whom the matter was referred, report that owing to the present heavy load of trains there is no room for extra through service carriages to be attached for third class passengers. Accommodation for Inter-class passengers is however available in the through service carriages running between Delhi and Lucknow *via* Moradabad

DATA re COST OF AGRICULTURAL PRODUCTION

1507. *Sri V. C. Vellinguri Gounder: Will the Secretary of the Department of Agriculture please state

(a) the arrangements so far made for the collection of necessary data relating to the cost of agricultural production on the recommendations of the Krishnamachari Committee,

(b) whether any steps have been taken to devise methods for the formation of regions, and

(c) what steps have been taken by the Government to implement final decisions as regards fixation of prices in different regions?

Sir Pheroze Kharegat: (a) No arrangement have yet been made but a pilot scheme to test the methods to be adopted and to form an estimate of the size of sampling that is necessary for undertaking costs of production enquiries on a country-wide scale has been drawn up in the Economics and Statistics Section of the Department of Agriculture. It has now to be discussed with others before it can be finalised

(b) There is no recommendation for the formation of regions

(c) The price for any region or place will be determined on the basis of the normal difference in the price in that region or place and the basic price for the selected area

LIFTING OF BANS ON THE CONTROLLED AND UN-CONTROLLED FOODGRAINS

1508. *Mr. Manu Subedar: (a) Will the Secretary of the Food Department be pleased to state whether Government have received any representation regarding the desirability of lifting bans on the movement of controlled foodgrains and uncontrolled foodgrains, from and to the Provinces and States and from and to districts in the same Province?

(b) Is the control over movements really effective, or have Government discovered that there are leakages in and breaches of this control of movement regulation?

(c) What is the policy of Government regarding the free movement of those goods, which are controlled?

(d) Are Government aware that the cultivator receives less in surplus areas because of these restrictions and that the food material, which is not permitted to move out of a Province, is used for cattle?

(e) Is it a fact that the prices taken in the foodgrains index number are prices prevailing in the principal markets for these goods in the surplus areas?

Mr. K. L. Panjabi: (a) Yes, Sir

(b) There undoubtedly are leakages and breaches of Movement Control Orders, but on the whole, in most part of the country, movement control is sufficiently effective to make it possible for the various administrations to enforce notified prices and to procure surpluses at those prices

(c) The foodgrains and their products, the prices of which are controlled, are also subject to movement control, as it is only by enforcing movement control that price control can become effective

(d) It is true that owing to movement control, the producer in a surplus area receives less than what he would otherwise get, but he does receive a fair price. I have no information that foodgrains which are not permitted to be exported are used for cattle, nor can I readily see how this can happen on any considerable scale for, under the present system of controls, surpluses are assessed and are allowed to be exported

(e) The statement showing the markets, whose price quotations are used for the purpose under reference, is laid on the table. It will be seen that quotations in respect of areas other than surplus areas are also used

Markets whose price quotations are used in the Cereals and Pulses groups of the Food Index (new) issued by the Economic Adviser to the Government of India

Commodity	Variety	Market
CEREALS		
Rice	(1) Kalma ordinary	Calcutta
	(2) Atrahidla*	Bezwada*
	(3) Red Samat	Patna
Wheat	(1) Punjab White	Kanpur
	(2) White	Lalpur
	(3) Roady Dara	Hapur
Jowar	White 1st quality	Hyderabad (Deccan)
Bajra	White 1st quality	Bombay
PULSES		
Gram	(1) Deshi	Patna
	(2) 2% dirt	Lahore
Dall Arhar	3% dirt	Lahore

(1) (*) = Substituted for Nellore raw, Madras City in January, 1944

(†) = Replaced by bajra quotation at Salem (Madras) with effect from first week of May, 1944, and again by quotation at Erode (Madras) in November, 1946

MANUFACTURE OF MILK POWDER IN INDIA

1533. ***Sri V. C. Vellingri Gounder:** (a) Will the Secretary of the Food Department be pleased to state whether the attention of Government has been drawn to an article in the "*Madras Mail*" dated the 25th March, 1947 under the caption 'More Milk'?

(b) Are Government aware that a milk production factory is working with the imported milk-powder?

(c) How much milk-powder supplied to this factory in the year 1946 was purchased from the Military Department?

(d) Have Government arranged to supply this factory with imported milk-powder for future years?

(e) Have Government any scheme to manufacture milk-powder in India and to develop milk producing factories in the country?

(f) Are Government aware that this factory milk produced with the addition of vitamins like shark liver oil and coconut oil is one of the methods of solving the shortage of milk?

Mr. K. L. Panjabi: (a) and (b) Yes, Sir

(c) No milk powder purchased from the Military Department was supplied to the factory by the Central Government

(d) Milk powder can now be freely imported

(e) The Government of India have appointed a panel who are considering the development of the milk powder industry in the country

(f) The production and sale of reconstituted or blended milk is one of the short term measures advocated by the Government of India for solving the present milk problem, especially as it would take a considerably long time to bring the production of fresh milk into line with the demand

RAISING OF PERCENTAGE OF SESAME OIL ADDED TO HYDROGENATED OIL

1510. ***Pundit Thakur Das Bhargava:** (a) Will the Secretary of the Food Department please state if in other countries ten per cent of Sesame oil is added to the hydrogenated oil instead of five per cent proposed to be added in this country?

(b) Do Government propose to consider the desirability of raising this from five to ten per cent? If not, why not?

(c) Are Government taking any steps to devise a plan whereby an ordinary buyer will be able without reference to any analyst to distinguish between ghee and hydrogenated oil?

Mr. K. L. Panjabi: (a) According to information available, Sesame oil, to the extent of ten per cent is added to hydrogenated oil in Belgium, Austria, Denmark, Finland, Germany, Portugal, Sweden and Switzerland

(b) No The limit of five per cent which enables detection of adulteration of ghee even by adulteration with five per cent of Vanaspati, was fixed after consulting competent scientists. It is not possible to increase the addition as Sesame oil may not be available for this purpose

(c) Yes Arrangements for testing samples on the premises of ghee shops are being considered

INDIANISATION OF TELEGRAPH TRAFFIC SERVICE, CLASS I

1511. ***Shri D. P. Karmarkar:** (a) Will the Secretary of the Communications Department please state the number of posts borne on the cadre of the Telegraph Traffic Service, Class I, as on the 1st January 1944, 1st January 1945 and 1st January 1946?

(b) What was the number of (i) Indians and (ii) Anglo-Indians and (iii) Europeans in the Telegraph Traffic Service, Class I, as on the 1st January 1944, 1st January 1945 and 1st January 1946?

(c) How many officers of the Telegraph Traffic Service, Class II, were selected for promotion to the Telegraph Traffic Service Class I, in the year 1943, 1944 and 1945 and how many of those selected were (i) Indians, (ii) Anglo-Indians and (iii) Europeans?

(d) Have Government taken any steps in the past to Indianise the Telegraph Traffic Service, Class I? If not, why not?

(e) In view of the paucity of Indians excluding Anglo-Indians and Europeans in the cadre of the Telegraph Traffic Service, Class I, do Government propose to select senior Indian officers of the Telegraph Traffic Service, Class II for promotion to the Telegraph Traffic Service, Class I? If not, why not?

Mr. Masarrat Hussain Zuberi: (a), (b) and (c) A statement giving the required information is placed on the table of the House

(d) No special steps have been taken in the past

(e) Senior Indian officers are eligible for promotion to the Telegraph Traffic Service, Class I

Statement showing the number of Indians Anglo-Indians and Europeans and Telegraph Traffic Services, Class I

Parts (a) and (b)

Date	Number of posts in T F S Class I		Number of Indians, Anglo-Indians and Europeans			Remarks
	Permanent	Temporary	Indians	Anglo-Indians	Europeans	
1-1-1944	3	3		3	1	2 vacant
1-1-1945	3	5	1	5	2	
1-1-1946	3	6	2	6	1	

Part (c)

Year	Number of officers selected	Number of Indians, Anglo-Indians and Europeans		
		Indians	Anglo-Indians	Europeans
1943	5		4	1
1944				
1945	5	3	3	

PROPOSED CONSTRUCTION OF RAILWAY LINES IN SIND UNDER DEVELOPMENT PROGRAMME

1512. *Seth Sukhdev: (a) Will the Honourable Member for Railways be pleased to state whether there are any Railway lines proposed to be constructed in Sind under the post-war development programme?

(b) If so, what are the routes of the proposed lines and the names of the important stations on each of the proposed lines?

(c) When will the proposed lines be completed?

(d) What is the estimated cost of each line?

The Honourable Dr. John Matthai: (a) No decision has yet been taken in the matter of construction of any railway lines in Sind but five projects are under investigation

(b) A statement showing the names of the projects and the proposed routes is placed on the table of the House

(c) The question of the construction of these lines can only be considered after the Survey Reports are received and examined, not only in correlation with the two other forms of surface transport but also from the financial aspect. Government have so far received the Traffic Survey report of one project only, viz, Pithoro-Jhol project which shows that the line is not likely to be commercially remunerative. Its further examination in relation to other forms of transport is yet to be made. It is therefore not possible to say at this stage when the construction will be taken in hand and completed.

(d) The estimated cost of construction for Pithoro-Jhol will be about Rs 53.14 lakhs. The estimated cost of other projects is not known at present.

Name of project	Statement	Gauge and mileage
(a) <i>New Lines</i>		
1 Tando Mohammad Khan—Mughallan		Broad Gauge, 72 miles
2 Badin—Gujrat (Boml av-Sind)		Broad Gauge, 300 miles
3 Karachi—Quetta		Broad Gauge, 440 miles
4 Pithoro—Jhol		Metre Gauge, 62 miles
(b) <i>Conversion from Narrow Gauge to Broad Gauge</i>		
5 Jacobabad—Kashmore		Broad Gauge 77 miles

The Bombay—Sind construction is being investigated along two alternative routes viz—

- (i) via Badin—Rahim ki Bazar—Nagarparkar (Northern Route), and
- (ii) via Badin—Lakhpur—Maha (Southern Route)

Similarly survey investigations of Karachi—Quetta project are being done along two alternative routes viz—

- (i) via Bela—Wad—Khuzdar—Zard—Baleh—Quetta, and
- (ii) via Mohri—Wad—Khuzdar—Kalat—Zard—Khanak—Quetta

The principal stations on the Pithoro-Jhol alignment are Kahu, Tando Mithakhau and Sanghar.

WAITING ROOM AND OTHER PASSENGER FACILITIES AT TIRUVARUR JUNCTION IN TANJORE DISTRICT ON S. I. RAILWAY

1513. - Sri T. V. Satakopachari: Will the Honourable Member for Railways be pleased to state

(a) whether Government are aware that the Tiruvarur Junction in Tanjore District on the South Indian Railway is an important centre for passenger traffic and passengers have to wait at the station for the connecting trains for a long time,

(b) whether Government are aware that the station has no waiting rooms for all classes of passengers, that the platform shed does not cover the entire platform and that even the portion covered is occupied by staff offices with the result that passengers are exposed to the weather,

(c) whether Government are aware that the Station is one of the oldest on the line and has not been added to or altered to suit modern conditions in spite of its importance, and

(d) whether Government propose to put up modern type of waiting rooms and sheds on the platform for accommodating passengers."

The Honourable Dr. John Matthai: (a) Thuvavur Junction is a busy passenger station. In the mornings passengers from the Thuturupundi side bound for the Negapattan side and *vice versa* have to wait at Thuvavur for about two hours. In all other cases connections are available at about half an hour's interval.

(b) There is a waiting hall at the station, but there is no separate waiting room accommodation for upper class passengers. The Parcels office, Telegraph office, etc., are located in the covered portion of the platform.

(c) Yes.

(d) The remodelling of Thuvavur Junction which includes the provision of a modern type station building, waiting rooms, refreshment room, etc., has been included in the 1948-49 Works Programme.

CONTROL OF HINDUSTAN AIRCRAFT FACTORY

1514. *Prof. N. G. Ranga: Will the Honourable Member for Industries and Supplies be pleased to state

(a) how much money has so far been spent by Government upon the Hindustan Aircraft Factory,

(b) who controls it now,

(c) in what proportion have the Government of India, the Mysore State and any private interest contributed to its capital expenditure and towards covering its losses, and

(d) whether Government propose to develop this factory and to control it or whether it is proposed to maintain it until it becomes self-paying and then hand it over to some private firm?

The Honourable Sri C. Rajagopalachari: (a) The total expenditure both Capital and Revenue from 1942-43 to 1945-46 amounted to Rs. 9.65 lakhs against which recoveries of Rs. 7.86 lakhs for work done or services rendered have been made from the parties concerned leaving an uncovered expenditure incurred by Government since 1942-43 to 1945-46 at Rs. 1.79 lakhs. This amount includes Rs. 82½ lakhs on account of Government share money, premium and solatium paid in acquiring the controlling shares and the complete control of the Factory upto 31st March 1946.

The accounts of the company for 1946-47 have not yet been compiled.

(b) With effect from the 1st April 1946 the Company status of the H. A. L. has been revived and it is at present being managed by three Directors, two the nominees of the Government of India and one the nominee of Mysore State. These Directors are responsible to the General Body of shareholders, viz., the Central Government and Mysore State. The Board of Directors is being re-constituted. The reconstituted Board will consist of H. M. Industries and Supplies (Chairman), Dewan of Mysore State (Vice-Chairman) and one industrialist (Mr. J. R. D. Tata) Member.

(c) For the duration of the war, Government had sterilized the interest of Mysore State by paying them a solatium of Rs. 12½ lakhs and was in complete control of the Factory. All expenditure incurred during that period whether Revenue or Capital and the losses if any, have been met by Government. From 1st April, 1946, the Mysore State has again become an active partner in the Factory. The Company has agreed to acquire the useful assets added during the war at their present value. Mysore Government will contribute one-third of the value of such assets to maintain their one-third interest in the Company's Capital. The profits and losses of the Company from 1st April 1946 will be to the account of the two share-holding Governments.

(d) Government proposes to develop the Factory and establish the production of aircraft in India and to control it by a Board of Directors, as stated in part (b) of the reply. Government has no intention at present to dispose of the factory when it becomes self-paying.

FERTILIZER PLANT AT SINDRI

1515. *Prof. N. G. Ranga: Will the Honourable Member for Industries and Supplies be pleased to state

(a) at what stage are the plans and work connected with the Fertilizer Plant at Sindri,

(b) what has so far been done to make the necessary enquiries and ensure supplies of components needed for fertilizer manufacture from Indian manufacturers since the Standing Finance Committee met on 30th July 1946 and made its recommendation, and

(c) whether Government are watching the results of the researches being made in India and abroad as to the beneficial or deleterious effects of the use of Ammonium Sulphate?

The Honourable Sri C. Rajagopalachari: (a) An agreement has been concluded with an American firm of consultants for the design of the factory. An agreement is being negotiated with a British firm of chemical engineers (Messrs Power Gas Corporation) for the supply of some plant and for construction of the factory. In the meantime the supply of some of the plant is proceeding, in anticipation of the finalisation of details of the contract. About three quarters of the plant required has been ordered with fairly good delivery dates having regard to the world shortage of capital goods. The first instalment of plant from abroad will begin to arrive towards the end of 1947.

A considerable amount of plant and all the structural steel work will be made in India.

All land required for the factory is in Government's possession. Difficulties are being experienced over the acquisition of land for the township, but it is hoped this matter will be settled shortly. All necessary arrangements for water supply are in hand. Work is well advanced on the preparation of the factory site and the installation of foundation will commence in May.

A considerable amount of temporary accommodation has been constructed for staff engaged on erecting the factory. The construction of permanent accommodation for staff to operate the factory will start shortly. A temporary railway siding has been installed for the receipt of plant. The permanent railway link five miles long, will be completed as a single track connection by August this year, the construction of the marshalling yard and the factory sidings will follow. Arrangements for the supply of raw materials, such as coal, coke and gypsum are in hand.

The draft of the constitution of the Statutory Corporation for the operation of the factory is in the final stage. Particulars of the staff required for operating the power-house have been sent to the Federal Public Service Commission for recruitment, particulars of the chemical and engineering staff will be sent shortly. Arrangements have been made for Indians to be sent abroad for training. They will return to the country before the factory starts operation.

According to the programme as it stands now, it is anticipated that pilot production of ammonium sulphate will start early in 1949, and that full production will be established by the middle of 1949.

Specifications have been drafted for the machinery for the cement factory to operate on the lime sludge thrown up as a by-product in the manufacture of fertilizers.

More detailed information is available in the Chief Technical Adviser's Monthly Situation Report for March, a copy of which is laid on the table †

(b) Wide publicity has been given in the press and in trade journals to this matter. Copies of all enquiries for plant to be manufactured in India are sent to the Engineering Association of India which represents Indian manufacturers.

†Not printed in these Debates. A copy placed in the Library of the House.—Ed. of D.

Great difficulty is being experienced in inducing Indian manufacturers to undertake this special class of work, nevertheless a fair volume of orders has been placed in India for structural steel work and certain component parts of the plant

(c) Yes, Sir

GRANT OF SPECIAL PAY AS COMPENSATION TO STAFF OF RAILWAY BOARD TRANSFERRED TO SIMLA

1516. *Mr. Madandhari Singh: (a) With reference to the reply given to part (a) of starred question No. 1117, asked on 20th March 1946, regarding the different rates of special pay for deputationists in the Railway Board, New Delhi, will the Honourable Member for Railways be pleased to state whether Government are aware that the staff of the Railway Board who are transferred to Simla are also involved in the maintenance of double establishments? If so does this condition also apply to them?

(b) If the reply to part (a) above be in the affirmative, were the staff of the Railway Board's Office New Delhi who were transferred to Simla given any special pay?

(c) If the reply to part (b) above be in the negative, do Government propose to compensate, with retrospective effect those of the staff who were transferred from Delhi to Simla and had to maintain double establishments? If not why not?

The Honourable Dr. John Matthai: (a) It is possible that some of the staff who have been transferred from the Delhi Office to the Simla Office may have to maintain two establishments. The reply to the second para is in the negative.

(b) Does not arise

(c) The orders referred to apply only to transfers to the Railway Board's office from an outside office and not to transfers from one branch of the Railway Board's office to another. All staff in the Railway Board's office are liable to serve in the branches in Delhi or in Simla. The staff in Simla are allowed Simla House Rent, Compensatory and Winter allowances under the existing rules. There is therefore, no justification for compensating them by the grant of the Special pay.

SCHEME FOR CONNECTING KOTAH WITH AJMER BY A NEW B B & C I RAILWAY BROAD GAUGE LINE

1517. *Pandit Mukut Bihari Lal Bhargava: (a) Will the Honourable Member for Railways be pleased to state if it is a fact that the Railway Administration had prepared a scheme for opening a new Bomba, Baroda and Central India Railway Broad Gauge line, connecting Kotah with Ajmer? If so at what stage is that scheme at present?

(b) Do Government propose to pursue the scheme further and what time is likely to be taken for its implementation?

The Honourable Dr. John Matthai: (a) It is a fact that Kotah-Ajmer project is included in the post-war programme of new lines approved for investigation and the B B & C I Railway are, at present carrying out survey investigation of this line.

(b) The project is still under investigation and unless the survey reports are received and examined not only in correlation with other forms of surface transport but also from financial aspect, it is not possible to say, at this stage, when the construction of this line will be taken in hand.

TELEGRAPH COMMUNICATION BETWEEN SANDVIP ISLAND AND MAIN LAND

1518. *Sree Satyapriya Banerjee: Will the Secretary of the Communications Department be pleased to state—

(a) whether it is a fact that the island of Sandvip (Noakhali) has no telegraphic communication with the main land,

(b) whether it is a fact that Government had incurred much expenditure in making all the preliminary arrangements for telegraphic communication with the island including the installation of telegraph posts etc. and that the final connection was stopped during the war for want of cable only, and

(c) whether Government propose to take up the matter and complete the installations? If so, when?

Mr. Maserrat Husain Zuberi: (a) Yes

(b) A report has been called for from Postmaster-General, Bengal

(c) The Government will take a decision after considering the report

RAILWAY CLEARING ACCOUNTS OFFICE IN DELHI.

1519. *Sreejot Rohini Kumar Chaudhuri: Will the Honorable Member for Railways be pleased to state—

(a) whether Government are aware that the Railway Clearing Accounts Office in Delhi was burnt several times during the last two years and the last occasion being on 7th March 1946,

(b) whether it is a fact that a new building has been built or is being built to accommodate the said office, if not, the reasons therefor,

(c) whether Government propose to discontinue the office, and

(d) whether it is a fact that the quarters of the clerk of this office are being used as office, if so, what provision has been made for their accommodation?

The Honourable Dr. John Matthai: (a) Within the last two years the Railway Clearing Accounts Office has been burnt down on one occasion only, namely on the 7th March 1946

(b) It was decided immediately after the fire to rebuild the Office at the same site. The N. W. Railway were unable to undertake the work but the Labour Department, as it was then, agreed to the work being executed by the Central P. W. D. The construction has not yet started because the C. P. W. D. have only very recently been able to spare an Architect to prepare the design.

(c) No

(d) At the time of the fire 500 quarters were in course of construction. They have not yet been rendered habitable as quarters since no water supply has been provided and certain essential sanitary fittings are still lacking.

About 150 of these incomplete quarters are being used at present to accommodate the office. As none of these quarters had ever been occupied by clerks no question of finding alternative living accommodation arose.

CONTROL PRICE OF PADDY IN THE PROVINCE OF MADRAS AND ASSAM

1520. *Sreejot Rohini Kumar Chaudhuri: (a) Will the Secretary of the Food Department be pleased to state whether Government propose to raise the control price of paddy in the Provinces of Madras and Assam to relieve the condition of agriculturists?

(b) If so, to what extent and from what date?

Mr. K. L. Panjabl: (a) No, Sir

(b) Does not arise

ADVANCE OF MONEY TO PROVINCES FOR NATIONALISING THE MOTOR TRANSPORT SYSTEM

1521. *Sreejot Rohini Kumar Chaudhuri: (a) Will the Honourable Member for Transport be pleased to state whether the Government of India propose to advance money to Provincial Governments, so that they may nationalise the existing motor transport systems in their respective Provinces during the course of the year 1947-48?

(b) What will be the basis on which such advances will be made?

(c) Do Government propose to invite schemes in this behalf from Provincial Governments or to offer particular amounts to Provinces, whether they apply for the same or not?

The Honourable Dr. John Matthai: (a) and (b) Certain schemes involving financial participation by Provincial Governments in road transport organisations have been approved as items in the Provincial development plans and the Government of India have agreed to assist the Provincial Governments by providing loans if required.

(c) The Government of India have asked the Provincial Government to keep them informed of such schemes, but it is for the Provincial Governments to decide whether they require any financial assistance.

UNSTARRED QUESTIONS AND ANSWERS

APPOINTMENTS FOR MUSLIMS AND SCHEDULED CASTES IN THE POSTS AND TELEGRAPHS DEPARTMENT

121. Mr. Tamizuddin Khan: (a) Will the Secretary of the Communications Department be pleased to state the percentage of appointments in the Posts and Telegraphs Department reserved for (i) Muslims and (ii) Scheduled Castes, in the different Provinces or Administrative Divisions?

(b) Do any vacancies so reserved lapse every year for want of qualified candidates?

(c) If so, do Government propose to lay on the table of the House a list showing the number of Muslim and Scheduled Caste vacancies that have lapsed since 1940 in the Bengal and Assam Circle, year by year, and cadre by cadre?

(d) How have the vacancies that so lapsed been filled up?

Mr. Masarrat Husain Zuberi: (a) statement (statement I) showing the percentages of reservation for Muslims and Scheduled Castes in the different Circles is laid on the table.

(b) Yes.

(c) A statement (statement II) showing the number of Muslim and Scheduled Caste vacancies that have lapsed since 1940 in the Bengal Circle is laid on the table of the House. Figures for Assam Circle are not yet available. A supplementary list will be placed on the table of the House when the information is received.

(d) The lapsed vacancies, after being carried forward from one calendar year to the next, are finally treated as unreserved and filled by merit regardless of communal considerations. I may however make it clear for the information of the Honourable Member that the question of making up the deficiency of the representation of minority communities in the Posts and Telegraphs Services is being examined by an Officer on Special Duty.

Statement I—Showing the percentages of reservation fixed for the recruitment of Muslims and Scheduled Castes in the Different Circles

Circles	Per centages reserved for—	
	Muslims	Scheduled castes*
Bengal and Assam	41—2 3	8—1 3
Bihar and Orissa	16—2 3	8—1 3
Bombay	12—1 2	8—1 3
Central	8—1 3	12—1 2
Madras	8 1/3	4—1 6
Punjab and N W F.	50	4—1 6
United Provinces	16—2 3	16—2 3
Sind and Baluchistan	58—1/3	4—1/6

*This is based on the overall percentage of 8—1/3 for Scheduled Castes which has since been increased to 12—1/2 vide Home Department Resolution No 31 8/46-Notis (S) dated the 6th June 1946. Necessary action is being taken to revise the reservation percentages for Scheduled Castes for the different Circles accordingly.

Statement II.—Showing the number of Muslim and Scheduled Caste varanasi that have been employed in 1940 in the Bengal (varanasi).

Name of service, etc.	1940		1941		1942		1943		1944		1945		1946	
	Muslims	Muslims	Muslims	Muslims	Muslims	Muslims	Muslims	Muslims	Muslims	Scheduled castes	Muslims	Scheduled castes	Muslims	Scheduled castes
Clerical staff—														
Permanent	17	14	20	6	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil
Temporary	15	30	12	19	11	5	30	17	1	2	1	3	1	3
Telephone Operators—														
Permanent	1	3	3	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil
Temporary	nil	nil	nil	nil	1	nil	nil	nil	nil	nil	nil	nil	nil	nil
Postmen—														
Temporary	nil	nil	nil	nil	6	1	nil	1	nil	2	nil	2	nil	2
Inferior Staff—														
Temporary	nil	1	1	nil	1	3	2	5	5	2	5	2	5	2
Labourers—														
Temporary	nil	2	15	14	2	nil	1	nil	nil	nil	nil	nil	nil	nil
Total	33	50	60	39	21	9	33	23	6	6	6	6	6	6

N.B.—Separate reservation for Scheduled Caste, was provided as late as 11th August, 1943

APPOINTMENT OF MUSLIMS AND SCHEDULED CASTES IN UN-RESERVED VACANCIES IN
BENGAL AND ASSAM CIRCLE OF THE POSTS AND TELEGRAPHS DEPARTMENT

122. **Mr. Tamizuddin Khan:** (a) Will the Secretary of the Communications Department be pleased to state whether in the recruitment of men to the subordinate services in the Posts and Telegraphs Department, certain vacancies are treated as unreserved?

(b) If so, do Government propose to lay on the table of the House, a list showing the number of vacancies treated as unreserved each year since 1940 and the number of such vacancies filled up by Muslims, Scheduled Castes and others separately in the Bengal and Assam Circle?

Mr. Masarrat Husain Zuberi: (a) Yes

(b) I state that the number of vacancies treated as unreserved in each cadre of the Posts and Telegraphs subordinate services, for the years 1940 to 1945 separately is laid on the table of the House. Figures for 1946 are not yet available. Unreserved vacancies are filled in by competition of all communities, though separate reservations are made for Muslims, scheduled castes and other minorities.

Statement

Name of service	1940					1941					1942				
	Vacancies filled by					Vacancies filled by					Vacancies filled by				
	Total number of vacancies treated as unfilled	Muslims	Scheduled castes	Other minorities	Hindus other than scheduled castes	Total number of vacancies treated as unfilled	Muslims	Scheduled castes	Other minorities	Hindus other than scheduled castes	Total number of vacancies treated as unfilled	Muslims	Scheduled castes	Other minorities	Hindus other than scheduled castes
I Clerical staff	201	1	1	2	197	218	2	2	nil	214	128	nil	nil	nil	128
II (a) Cadres of Branch Postmaster, Overseers, Reader, Sorting Officer and Head Postmen, (b) Postmen and village postmen and (c) Mail guards	143	1	14	nil	128	101	1	19	nil	81	129	3	15	nil	111
III Inferior staff (to whom the communal orders apply)	126	2	10	nil	114	120	8	12	1	99	98	nil	7	nil	91
IV Line staff (Lancemen, Sub-Inspectors and Line Inspectors)	33	3	5	nil	25	34	1	5	nil	28	17	nil	nil	nil	17
V Wireless Supervisor and Wireless Operator	7	nil	nil	nil	7	6	nil	nil	nil	6	4	nil	nil	nil	4
VI Telegraph Master and Telegraphists	nil	nil	nil	nil	nil	1	nil	nil	nil	1	12	nil	nil	nil	12
VII Miscellaneous Superior Staff	43	1	1	2	39	17	1	nil	nil	16	31	nil	nil	nil	11
Total	553	8	31	4	510	497	13	38	1	445	399	3	22	nil	374

Statement

Name of Service	1943					1944					1945				
	Vacancies filled by					Vacancies filled by					Vacancies filled by				
	Total number of vacancies treated as unreserved	Muslims	Scheduled castes	Other minorities	Hindus other than scheduled castes	Total number of vacancies treated as unreserved	Muslims	Scheduled castes	Other minorities	Hindus other than scheduled castes	Total number of vacancies treated as unreserved	Muslims	Scheduled castes	Other minorities	Hindus other than scheduled castes
I Clerical staff	66	3	nil	nil	63	165	3	nil	nil	162	93	1	2	nil	92
II (a) Cadres of Branch Postmasters, Overseers, Reader, Sorting Overseer and Head Postmen, (b) Postmen and village postmen, and (c) Mail guards	53	nil	5	nil	48	54	4	2	nil	48	96	3	16	nil	77
III Inferior staff (to whom the communal orders apply)	105	4	4	nil	97	64	11	2	2	49	184	4	4	1	175
IV Line Staff (Linemen, Sub-Inspectors and Line Inspectors).	13	1	2	nil	10	3	nil	nil	nil	3	6	nil	1	nil	5
V. Wireless Supervisors and Wireless Operators.	2	nil	nil	nil	2	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil
VI. Telegraph Masters and Telegraphists.	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil	nil
VII. Miscellaneous Superior Staff	6	1	nil	nil	5	7	1	nil	nil	6	3	nil	nil	nil	3
Total	245	9	11	nil	223	293	19	4	2	268	384	8	23	1	312

NUMBER OF MUSLIMS AND SCHEDULED CASTES AND THE SUPERIOR POSTS IN
POSTAL DEPARTMENT

123. Mr. Tamizuddin Khan: Will the Secretary of the Communications Department be pleased to state the number of Postmasters General, Deputy Postmasters General, Assistant Postmasters General, Superintendents, Postmasters of Grades A and B, Selection Grade Officers and Inspectors in the different Circles in British India and the number of Muslims, Scheduled Castes, Europeans and others holding these posts?

Mr. Masarrat Husain Zuber: Two statements are placed on the table of the House

Statement showing the communal composition of non gazetted staff in the P & T Department in the cadre of Postmasters, Grade B, Inspectors of Post Offices and R. M. S. and clerical staff as it stood on the 1-1-1947

Name of Circle	In the cadre of P & T Department (including clerical staff)					In the cadre of P & T Department (excluding clerical staff)					In the cadre of P & T Department (including clerical staff)					In the cadre of P & T Department (excluding clerical staff)					In the cadre of P & T Department (including clerical staff)													
	Muslims	Technical Clerks	Europeans	Others	Total	Muslims	Technical Clerks	Europeans	Others	Total	Muslims	Technical Clerks	Europeans	Others	Total	Muslims	Technical Clerks	Europeans	Others	Total	Muslims	Technical Clerks	Europeans	Others	Total	Muslims	Technical Clerks	Europeans	Others	Total				
1st Circle	1	nil	nil	28	29	9	nil	nil	76	85	10	1	nil	219	230	1	nil	nil	219	230	1	nil	nil	219	230	1	nil	219	230	1	nil	219	230	
2nd Circle	nil	nil	nil	2	2	2	nil	nil	18	20	3	nil	nil	21	24	3	nil	nil	21	24	3	nil	nil	21	24	3	nil	21	24	3	nil	21	24	
3rd Circle	nil	nil	nil	6	6	6	nil	nil	53	59	15	nil	nil	86	101	15	nil	nil	86	101	15	nil	nil	86	101	15	nil	86	101	15	nil	86	101	
4th Circle	nil	nil	nil	17	17	6	nil	nil	93	99	13	nil	nil	253	266	13	nil	nil	253	266	13	nil	nil	253	266	13	nil	253	266	13	nil	253	266	
5th Circle	3	nil	nil	6	9	10	nil	nil	52	62	22	1	nil	78	101	22	1	nil	78	101	22	1	nil	78	101	22	1	78	101	22	1	nil	78	101
6th Circle	nil	nil	nil	23	23	13	nil	nil	100	113	12	nil	nil	172	184	12	nil	nil	172	184	12	nil	nil	172	184	12	nil	172	184	12	nil	172	184	
7th Circle	4	nil	nil	13	17	15	nil	nil	97	112	82	nil	1	124	207	82	nil	1	124	207	82	nil	1	124	207	82	nil	124	207	82	nil	124	207	
8th Circle	nil	nil	nil	3	3	9	nil	nil	16	25	8	nil	nil	43	51	8	nil	nil	43	51	8	nil	nil	43	51	8	nil	43	51	8	nil	43	51	
9th Circle	5	nil	nil	10	15	26	nil	nil	51	77	35	nil	nil	121	156	35	nil	nil	121	156	35	nil	nil	121	156	35	nil	121	156	35	nil	121	156	
Total	13	nil	nil	103	118	116	nil	nil	556	672	200	2	1	1,117	1,320	200	2	1	1,117	1,320	200	2	1	1,117	1,320	200	1	1,117	1,320	200	1	1,117	1,320	

REDUCTION OF PAY OF CLERKS IN THE MYMENSINGH HEAD POST OFFICE DUE TO RECLASSIFICATION OF MYMENSINGH TOWN

124. Mr. Tamizuddin Khan: Will the Secretary of the Communications Department be pleased to state

(a) whether it is a fact that clerks attached to the Mymensingh Head Post Office (Bengal) have been subjected to reduction of pay permanently as the result of re-classification of Mymensingh Town as a 'B' Group locality from the 'C' Group with effect from the 1st October 1939;

(b) if so, how many of them are Muslims and how many non-Muslims,

(c) whether it is a fact that these clerks were subjected to another reduction of pay in April 1935,

(d) whether the authorities concerned received any representations from these clerks regarding the reduction of pay, and if so, how they were disposed of, and

(e) whether Government are considering the desirability of reviewing the cases?

Mr. Masarrat Husain Zuberi: (a) Yes, but the reduction of pay was due to the failure of the clerks to retain their previous scale of pay under F.R. 23.

(b) Muslims three, non-Muslims five

(c) Yes

(d) Representations were received regarding the reduction in pay referred to in part (a) of the Question. The clerks were, given a second opportunity to retain their previous scale of pay and thereby escape this reduction in pay.

(e) The Director-General of Posts and Telegraphs has recently issued orders granting those officials one advance increment in their time scales of pay. No further review is contemplated.

ADDITIONAL STAFF FOR MYMENSINGH HEAD POST OFFICE

125. Mr. Tamizuddin Khan: Will the Secretary of the Communications Department be pleased to state

(a) whether Government have received telegraphic complaints from the public regarding the inadequacy of staff in the Mymensingh Head Post Office in Bengal,

(b) whether any proposals for increase of staff in the said office have been received from local postal authorities, and

(c) whether Government are considering the desirability of sanctioning any additional staff for the said post office?

Mr. Masarrat Husain Zuberi: (a) No

(b) and (c) Yes.

APPLICATIONS FOR TELEPHONE CONNECTIONS IN CALCUTTA

126. Sree Satyapriya Banerjee: Will the Secretary of the Communications Department be pleased to state

(a) the number of applicants for telephone in Calcutta who are still on the waiting list,

(b) whether Government are aware that a considerable number of applicants who applied later have been given priority in preference to the earlier applicants and

(c) if the answers to part (b) above be in the affirmative, what steps, if any, Government propose to take to redress the grievances of new applicants for telephones?

Mr. Masarrat Husain Zuberi: (a) 18,589 on 31st March, 1947

(b) New telephone connections are provided strictly according to an applicant's position on the waiting list maintained by the General Manager, Telephones, Calcutta, the only exceptions being Doctors' Banks, important public Institutions, such as hospitals, schools, colleges and those recommended as essential by Government Departments

(c) Does not arise

SHORT NOTICE QUESTION AND ANSWER

MASSING OF ARMED MUSLIM NATIONAL GUARDS ON BORDER OF ASSAM

Sreejuti Rohini Kumar Chaudhuri: Will the Secretary of the Defence Department be pleased to state

(a) whether the attention of Government has been drawn to the news reported by the United Press of India and published in the *Hindustan Times* 12 Noon (Daily Morning Edition), dated the 26th March 1947, under the caption 'League Volunteers massed on Assam Borders',

(b) whether Government are aware that a large number of Armed people calling themselves 'Muslim National Guards' have already penetrated into certain parts of Assam such as Barpeta, Lakhimpur and Mangaldai and that there was a clash between the Armed Police and these people in the course of which an Armed constable was seriously injured,

(c) whether Government are aware that about 25,000 Armed 'Muslim National Guards' have collected themselves in the border of Assam and Bengal in Mymensingh District and that similarly 2,000 Armed 'Muslim National Guards' have gathered at Assam-Tipperah Border and that the object of these forces is to attack the inhabitants of Assam,

(d) whether Government are aware that a sort of a fort has been raised in Bengal near a place called Mamkachar, in the District of Garo Hills in Assam, in which a large number of Armed 'Muslim National Guards' have been kept in readiness,

(e) whether it is a fact that the Government of Assam have requested the Government of India for Military aid,

(f) if so, whether and when such aid was placed at the disposal of the Government of Assam,

(g) if not, why not; and

(h) whether Government will consider placing at least two planes at the disposal of the Government of Assam for the purpose of reconnaissance and dropping leaflets in order to allay panic?

Mr. G. S. Bhalja: (a) Yes Sir

(b), (c) and (d) No. Sir This is primarily the concern of the Provincial Government

(e) Yes, Sir

(f) and (g) In accordance with the normal practice troops are available to the Provincial Government if, in the latter's opinion, the Civil Police Forces are not adequate to maintain law and order. The G.O.C.-in-C., Eastern Command, is fully aware of the situation, and can be trusted to make necessary arrangements according to the forces at his disposal as is his duty at all times

(h) No, Sir The Provincial Government have made no such request

Mr. President: Prof. N G Ranga

Shri Mohan Lal Saksena: Prof. Ranga is not here. Can I put his question?

Mr. President: Has Prof. Ranga given authority to the Honourable Member to put his question?

Shri Mohan Lal Saksena: No Sir

Mr. President: Then I am afraid, the question cannot be put

Shri M. Ananthasayanam Ayyangar: Sir, this is an exceptional case. In the case of ordinary questions, we know when they will be tabled, but in the case of Short Notice Questions we do not know this. Unless the Member in-

charge intimates to the Member putting the question that he is prepared to answer it on a particular date, there is no knowing when it will come up. Therefore, you will kindly allow this question to be put.

Mr. President: The ordinary practice is and I know it also from the records that the Honourable Member in charge intimates the date on which the question will be answered. I also know of cases when it was inconvenient for the Members to be present and the date of answering the question was therefore changed. Only recently it happened in the case of a short notice question by Mr. Manu Subedar. He was absent and the date on which it was to be replied was changed from one date to another by previous arrangement. So if the Honourable Member was to be absent today, it was his duty to see that the date was changed.

Shri Mohan Lal Saksena: But when the notice was sent to the Honourable Member, he was not in the town.

Mr. President: It cannot be helped.

MOTION FOR ADJOURNMENT

IMPENDING DANGER TO CALCUTTA PORT DUE TO SUSPENSION OF DREDGING OPERATIONS IN THE RIVER HOOGLY AS A RESULT OF STRIKE OF OPERATIVES

Mr. President: I have got notice of an adjournment motion to discuss a definite matter of urgent public importance, namely.

The impending permanent danger to Calcutta Port arising out of suspension of dredging operation in the river Hoogly as a result of the continuance of the strike of twenty-two thousand Port Trust employees and Marine operatives.

This notice has come from the Hon. Lt.-Commander Aftab Ali, I understand that the Port Trust is a statutory body and these employees are under its control. I do not see how the autonomy of a body like that can be interfered with and how the adjournment motion, therefore, is in order in this House.

Hon. Lt. Commander Aftab Ali (Nominated Non-Official). May I submit, Sir, that the Calcutta Port Trust, although it is a statutory body, is still under the control and the direction of the Government of India in the Transport Department. It is laid down in the Act that in the event the Port Commissioners fail to carry out the duties assigned to them, then the Government of India shall have the power to interfere and issue such executive direction as the Government may deem fit and proper.

Mr. President: Even assuming that there are these powers, the point is whether the Honourable Member had approached the Government to exercise these powers?

Hon. Lt.-Commander Aftab Ali: The Government of India in the Labour Department deputed their Labour Commissioner with a view to settle the dispute. But for reasons best known to the Labour Commissioner and the Port Trust Authorities, the terms of the settlement were not honoured by the Chairman of the Port Commissioners. However, my present concern is that if the work is not immediately resumed, then the Port of Calcutta might be permanently lost.

Mr. President: I do not dispute the importance of the matter. I want to know how it is relevant and how it has become the responsibility of the Government of India to interfere in this matter in the way in which the Honourable Member wants it to interfere on the facts disclosed. Let me hear the Government also.

The Honourable Dr. John Matthai (Member for Railways and Transport) Sir, I would, respectfully endorse the opinion that you have expressed that this is a matter which really lies within the province of the Calcutta Port Trust Commissioners. On the point of facts which have been raised by the Honourable Member, Government are fully familiar with the situation as it has developed from time to time in the Calcutta Port. Sir, the facts are briefly these. The strike started sometime in the first week of February and the Chairman of the Port Trust and his official Advisers have been keenly alive to the danger that by reason of the suspension of the dredging operations, damage might be caused to the Calcutta Port. That matter had been very actively present to their minds. About two or three weeks ago, the Chairman of the Calcutta Port Trust discussed this very matter with representative of Indian business interests in Calcutta who were naturally anxious about the position and he was able to satisfy them that there has so far been no permanent damage of any kind to the river and that arrangements are in hand which if put into effect would completely meet the situation. I may also say this, realising the possible gravity of the situation, I asked the Chairman of the Calcutta Port Trust to come up to Delhi and I had a long discussion with him last week and I am myself satisfied that so far as a result of the suspension of dredging operations no damage has been caused and I am also satisfied that the arrangements that he has in hand will be sufficient to meet any situation which may arise.

Mr. N. M. Joshi (Nominated Non-Official) The Honourable Member for Transport has now admitted that the possibility of grave danger is there but that the Government and the Port Trust are in a position to deal with that danger. It is that which the House wants to know whether Government is in a position to ward off danger and therefore the Motion requires discussion. The possibility of danger is admitted Government says we are alive to that danger, but the House wants to know how the Government are alive. The House has a right to discuss this matter.

The Honourable Dr. John Matthai: It is not merely that the Government are alive to a possible danger, but the Port Trust have worked out in detail schemes, which when put in force will meet the risk, if and when, it arises.

Mr. N. M. Joshi: It is that we want to know.

Mr. President: I do not think the matter is of an urgent nature and in view of the statement which the Honourable Member for Transport has made, no further time of the House need be taken up just to give information which the Honourable Member wants.

Mr. Manu Subedar (Indian Merchants' Chamber and Bureau Indian Commerce) I hope, Sir, you are disallowing this Motion on the issue of urgency and not on the issue as to how far the Government of India are responsible for working of the Port Trust. In the Council of State, the late Sir Pheroz Sethna moved a Resolution about Indianisation, and I myself asked specific questions relating to the policy for which the Government of India are responsible. I hope, Sir, in your ruling, it is not involved that the Government of India have nothing whatsoever to do with the statutory body and that your ruling does not touch the entire issue of policy of that body or the Government of India in regard to that body which it is the privilege of this House to discuss. I hope there is no precedent in your ruling and that there is nothing included which will curtail the position from what it was before.

Mr. President: I do not intend to curtail any of the rights or privileges, nor am I laying down such a general and wide proposition that because it is a statutory body the Government of India have nothing to do with it. As the Honourable Member pointed out, the Government of India have powers of supervision and if I can be satisfied that they have failed in the matter of

[Mr President] supervision which they ought to exercise, then certainly I could have seen any way to allow the Motion on that ground. But my chief point is to invite the attention of Honourable Members that because there is power of supervision, it does not therefore follow that the responsibility for the administration rests on the Government of India in all matters, big or small, in the internal autonomy of a local body. If that were the principle to be accepted for allowing adjournment motions, there would be an end to local autonomy and the freedom of local bodies and institutions. There is the further thing also that, in respect of any adjournment motion, it is decided always on its own facts. Therefore I am not laying down any such principle as the Honourable Member Mr Manu Subedar is afraid of. I am disallowing it on both grounds on the present facts.

NOTIFICATION RE AMENDMENT IN THE INDIAN AIRCRAFT RULES— LAID ON THE TABLE

Mr. M. H. Zuberi (Government of India Nominated Official) Sir, I lay on the table a copy of the Department of Communications, Notification No. 1-M(A)/22-46, dated the 26th March, 1947 making a further amendment in the Indian Aircraft Rules, 1937, under sub-section (8) of section 5 of the Indian Aircraft 1934

GOVERNMENT OF INDIA DEPARTMENT OF COMMUNICATIONS

New Delhi, (3) the 26th March, 1947

NOTIFICATION

No 1-M (A)/22-46—In exercise of the powers conferred by section 5 of the Indian Aircraft Act 1934 (XXII of 1934), the Central Government is pleased to direct that the following further amendment shall be made in the Indian Aircraft Rules, 1937, namely

In Schedule I to the said Rules, to entry (2) under the sub-head "Area", the following shall be added, namely—

"but excluding a corridor 10 miles wide on a bearing of 280° (True) from Attock Railway Bridge to Peshawar Aerodrome, and an area 10 miles in radius around Peshawar Aerodrome."

M. H. ZUBERI,

Secretary to the Government of India.

ELECTION OF A MEMBER TO STANDING COMMITTEE FOR INFORMATION AND BROADCASTING DEPARTMENT

The Honourable Sardar Vallabhbhai Patel (Member for Home and Information and Broadcasting) Sir, I move

"That this Assembly do proceed to elect in such manner as the Honourable the President may direct a non-official member in place of Mr Ananda Mohan Poddar, resigned to serve on the Standing Committee to advise on subjects in the Department of Information and Broadcasting."

Mr. President: The question is:

"That this Assembly do proceed to elect in such manner as the Honourable the President may direct a non-official member in place of Mr. Ananda Mohan Poddar, resigned to serve on the Standing Committee to advise on subjects in the Department of Information and Broadcasting."

The motion was adopted.

ELECTION OF A MEMBER TO STANDING COMMITTEE FOR COMMERCE DEPARTMENT

The Honourable Mr. I. I. Chundrigar (Commerce Member) Sir, I move:

"That this Assembly do proceed to elect in such manner as the Honourable the President may direct one non-official member to serve on the Standing Committee to advise on subjects with which the Department of Commerce is concerned for the unexpired portion of the financial year, 1947-48 vice Khan Abdul Ghani Khan resigned"

Mr. President: The question is:

"That this Assembly do proceed to elect in such manner as the Honourable the President may direct one non-official member to serve on the Standing Committee to advise on subjects with which the Department of Commerce is concerned for the unexpired portion of the financial year, 1947-48 vice Khan Abdul Ghani Khan resigned"

The motion was adopted.

ELECTION OF A MEMBER TO STANDING COMMITTEE FOR FOOD DEPARTMENT

Mr. K. L. Panjabi (Government of India Nominated Official) Sir, I move

"That this Assembly do proceed to elect in such manner as the Honourable the President may direct, one non-official member to serve on the Standing Committee to advise on the subjects dealt with in the Department of Food for the Financial year 1947-48, in place of Lala Deshbandhu Gupta, M.L.A., resigned"

Mr. President: The question is

"That this Assembly do proceed to elect in such manner as the Honourable the President may direct, one non-official member to serve on the Standing Committee to advise on the subjects dealt with in the Department of Food for the Financial year 1947-48, in place of Lala Deshbandhu Gupta, M.L.A., resigned"

The motion was adopted.

Mr. President: I have to inform Honourable Members that the following dates have been fixed for receiving nominations and holding elections, if necessary, in connection with the following Committees, namely:—

	Date for nomination	Date for election
1 Standing Committee for the Department of Information and Broadcasting	Today	10th April, 1947
2 Standing Committee for the Commerce Department.	Today	10th April, 1947
3 Standing Committee for the Food Department	Today	10th April, 1947

The nominations for all the three Committees will be received in the Notice Office up to 4 P.M. today. The elections, which will be conducted in accordance with the Regulations for the holding of elections by means of the single transferable vote, will be held in the Assistant Secretary's room in the Council House, tomorrow between the hours of 10-30 A.M. and 1 P.M.

ANTIQUITIES (EXPORT CONTROL) BILL

The Honourable Sri C. Rajagopalachari (Member for Industries and Supplies). Sir, with your permission, on behalf of the Honourable Member for Education, I beg to move for leave to introduce a Bill to control the export of antiquities

Mr. President: Motion moved

"That leave be granted to introduce a Bill to control the export of antiquities"

Shri Sri Prakasa (Benares and Gorakhpur Division: Non-Muhammadian): Sir, I rise to a point of order. You did not allow my Honourable friend Sri Mohan Lal Saksena to put a question because the Honourable Member who had given notice was absent. How is it that this latitude is allowed for Honourable Members of Executive Council who spring these surprises on the spur of the moment and say that they are moving on behalf of one of their colleagues?

Mr. President: I should have thought that the Honourable Member Shri Sri Prakasa being an old Member of this House must be acquainted with the Rules. In case of Members of Government, "Member" means a Member of the Governor General's Executive Council and includes any Member to whom such Member delegates any function assigned to him under these Rules.

Shri Sri Prakasa: That is what I want to know. The Members also have to assign questions to each other and have to give you notice to that effect. Have you received any notice about this?

Mr. President: The Honourable Member had better read the rules.

Shri Sri Prakasa: But have you, Sir, received notice about this delegation?

Mr. President: The Honourable Member's statement to me is quite enough and I specifically asked Mr Saksena, even in the case of Prof Ranga, whether he had authority on the subject, and he said he had none.

The question is

"That leave be granted to introduce a Bill to control the export of antiquities"

The motion was adopted

The Honourable Sri C. Rajagopalachari: Sir, I introduce the Bill

CONTROL OF SHIPPING BILL

The Honourable Mr. I. I. Chundrigar (Commerce Member) Sir, I beg to move

"That the Bill to provide for the control of shipping, as reported by the Select Committee, be taken into consideration"

Before the Select Committee was appointed I explained the provisions of the Bill at some length and I do not think I should cover the same ground over again. The Select Committee have carefully considered the provisions of the Bill and they have made a few changes. One of the changes made is in clause 1 of the Bill as a result of which this Bill will remain in force for one year instead of three years as originally proposed. But Government may by notification in the official Gazette direct that it shall remain in force for a further period not exceeding one year. Then a few consequential changes have been made in clauses 2 and 7. In clause 5(1) (a) the Select Committee have made one change to express the meaning better. In clauses 6 and 9 they have made changes with a view to provide that before Government fixes the passenger fares or the cargo freight rates Government may have the question examined by a board which may advise the Central Government in respect of such rates. In sub-clause (5) of clause 8 the word "managing" has been put before the word "director", with the result that it will not apply to every director but only to the managing director. These are the few changes made in the Bill as originally introduced. The need for the control of shipping was explained by me at length at the time of the original motion and I need not take the time of the House any further on this subject. Sir, I move

Mr. President: Motion moved.

"That the Bill to provide for the control of shipping, as reported by the Select Committee, be taken into consideration."

Mr. Manu Subbedar (Indian Merchants' Chamber and Bureau Indian Commerce) Sir, I want to support the motion just made. After the very thorough and reassuring statement made by the Honourable the Commerce Member at the time when the Bill was taken to the Select Committee that he will take every care and every step to see that Indian companies are not penalised, I do not think the House will require any very great scrutiny about the Bill which has undoubtedly improved as it has emerged from the Select Committee. India has a very large coast line and India's mercantile marine has always been very deficient in number. There have been difficulties in the past, and though we do not wish to rake up the past I must point out that more powerful alien competitors have taken steps in the past to kill Indian companies which came into existence. That was a very bad time and I am sure under the new Government this sort of thing will not arise. But I will say that if shipping is to increase then facilities for the repair of ships must also increase, and ship building for which this country was at one time famous throughout the world and which has sadly declined should also be attended to and encouraged by Government by taking very active measures. I would say that instead of talking of nationalisation of all sorts of things Government should take up this thing in which the risks are greater and others are not induced to come in. It is very essential for the security and well being of this country that ship building should be done here and that Indian tonnage should expand. Government have recently encouraged Indian shipping companies to acquire ships from America. I read the other day that America still had several thousand ships which they were willing to give to Government. If the facility to Government to acquire these ships were bigger it would be my suggestion that Government should acquire them in the first instance. Precedents are not wanting. The Australian Government, when they were dissatisfied with the P & O, set up their own fleet of ships. The U S A Government have also made an experiment and recently Brazil and Argentina are also going in this direction, namely State-owned ships. This is an experiment which is worth thinking about.

Then, Sir, I should like to say that control and encouragement go together and ought to go together. When you control shipping enterprise in this country in the interests of the public, that rates may not be overcharged, and that there may not be either a glut or a deficit but that the fleet available may be evenly spread according to the requirements of the country or the nature of the traffic which they have to carry, nobody can dispute that. Besides, the trade is already used to the control during the period it has gone through. But when you control the entire trade it also implies that you are undertaking obligations in order to help that trade. I am glad that the Commerce Member has agreed that in fixing the rates there should be no arbitrary action but that rates should be fixed in consultation with the public both the users of freights and those who have freight to give. Now, Sir, I will only refer in passing to the fact that under section 115 of the Government of India Act, all British ships on the British register are to be regarded as ships on the Indian register. The Commerce Member has not told us but that disability still continues, and I want to know whether under this Bill, when ships not really on the Indian register are to be regarded in the same manner as if they were registered in India, merely legally and under the interpretation of the Government of India Act, his powers on one set of ships will be the same as his power on another set of ships which are statutorily Indian but non-Indian in fact. During the war period it was our sad experience that it was the British Ministry of Shipping which was controlling every thing. They had the excuse of the war, and they had the excuse that they were the

[Mr Manu Subedar]

only parties who were in a position to judge what was more important traffic, but many things were done at that time which dissatisfied both the business people in this country as well as the general community. The civil population was treated like dirt, their requirements were not considered at all and military priorities were there. The shipping control during the period of war was not one which would do credit, in fact, it was very significant of the subordinate position which this country had politically and of the fact that in this particular direction it was British Officials of the Shipping Ministry and British Officials of British Shipping Companies who had the extraordinary powers. As I said, all this is a past bad dream, and we do not wish to rake it up, but I merely mention it as a warning that the control which is now to be set up, and which is merely continuity of control as it has been in the past, ought not to imply all or some of the evils which the public experienced, and I trust Government will be careful in this direction and will make close scrutiny as to the measures which are being taken in order to see that Indian shipping is not penalized or is not in any other way impeded.

With regard to clause 3, the question is whether Indian shipping companies will be given reasonable opportunities, from the new tonnage which they have acquired, of making foreign voyages, that is long distance, and whether they would be given the discretion to determine this for themselves and in such a way as to bring advantage to themselves and to this country, or whether arbitrary action will be taken with regard to them and they will be prevented from taking long voyages. Let me indicate in this very highly complicated and technical issue what I mean. I think that Government have no power to prevent ships of other countries coming here. If that is so, they have equally no power to prevent such ships taking cargo and passengers from this country. If that is the case, while Government have no control over others who may come here and offer to take cargo and passengers in competition Government will have absolute control over every ship registered in India. Therefore I say that there is apprehension which is at present being entertained by the people. There should be no room for such apprehension and I trust that the Honourable the Commerce Member will make it clear in his reply that Indian companies will be given full and legitimate opportunities of undertaking long distance voyages for passengers and of taking long-distance cargo to countries of Europe, America, Africa and elsewhere.

The Honourable the Commerce Member and the Select Committee have indicated that further legislation will be necessary. In view of the fact that we may have a new Act in this direction after some time, may I suggest that the Honourable the Commerce Member and his Department should get into touch not merely with the shipping people but also with those who use the freights and may I suggest that they will keep in touch with the carrying trade as well as those who are concerned with using this freight and have these problems duly studied. I have no doubt the Shipping Committee has already produced a valuable report but I feel that comments on such reports should be secured from the Chambers of Commerce and others who are concerned. I may say that there is sometimes a conflict of opinion between the party whose freight is carried and the party who puts the freight. These freights are fixed in the old way by agreement between various Lines and various Companies. In other words, there was a pool and a monopoly which was against the interests of public and I am very anxious that while Government are having powers now to check rates and fares that they should equally have the whole problem studied so that when the new legislation comes any lacuna in this respect may be dealt with.

Sir, I would like to suggest another thing also, namely that there is heavy pressure at present on the Railways. This pressure in my opinion is likely to continue for some years more. I do not think the Railways for some years more can advertise to the public to 'come and travel' or to give us your goods. There is a lot of pressure on the railways, and other way of relieving such pressure is by increasing ships, and Government cannot do better service to this country and to themselves than by increasing the tonnage available so as to take away some of the pressure on the railway lines and to make the transport position relatively easy. And the ships are to be had, they are on offer from the United States of America. It is the Government's policy of not buying themselves any ships at all—which the Honourable the Commerce Member mentioned—to which I am adverting. Is there any sanctity about this decision of the Government? I hope it is not final and it will be reconsidered by them. Why not take 100,000 tons of ships which may be available in the United States and which private people due to lack of resources or lack of enterprise are not able to take? Why not bring this fleet here and run it for Government purposes and in connection with the Transport Department? In other countries the Railways and the shipping is run together and there is no reason why there should be this serious divorce between the two in this country except the fact that the shipping was almost entirely in the hands of Britishers and they did not want any interference or any regulation. But the position has now changed. We have regulation brought in by this Bill and I submit 'that the case for increasing shipping, if necessary at the hands of the State is very strong in order to deal with the production crisis about which I have been frequently speaking in this House, and in order to deal with the transport crisis which is to some extent behind this production crisis, and I think since the ships are available now we should go in for them. If they are taken over by other countries then we shall be in a difficult position, because not only shall we not be able to relieve the transport crisis through which the country is passing at present, but foreign countries, who will have acquired these ships, will bring these ships here, will over charge our own people, and take heavy rates and fares from them. Our Government may control the rates and freights which our ships are being charged, but how are they going to control the rates of all the other ships which will ply between Bombay and Calcutta and to which the Indian population will have to pay heavily. This is the situation which I seriously recommend Government to go into and not the Commerce Department by itself, nor the Supply Department by itself, nor the Transport Department by itself, they should go into this question together because I have frequently complained that there is a tendency to regard these matters too much as departmental. But we the public the taxpayers, most look at it as it affects the country as a whole, we cannot think departmentally. If I have therefore gone over issues which concern more than one department, my excuse is that I am speaking for the taxpayers and the public and from their point of view this is not an issue which can be considered departmentally.

Sir, I support this motion.

Mr. Tamisuddin Khan (Dacca cum Mymensingh Muhammadan Rural). I fully support the suggestion of my Honourable friend Mr. Manu Subedar that Government should seriously think whether they can take to shipbuilding themselves, and also acquire ships from elsewhere.

When Government is requested to take to nationalization regarding other industries, various objections are raised. Here there appears to be very great opportunities to Government to show their real sincerity about this matter of national acquisition of industries like this. Private enterprise is not being able to cope with the situation. Therefore, it is quite in the fitness of things

[Mr. Tamizuddin Khan.]

that Government should come forward and take a step which will not only be extremely popular but will also be of great benefit to this country

I very strongly support this suggestion of Mr. Manu Subedar.

Then I would like to say that this Bill has the support of every section of this House. Two of the main purposes of this Bill are that that section of the travelling public who travel by sea from port to port in India should be given protection and also Indian shipping should be given protection from unfair competition by foreign concerns. These are objects with which no Indian can be without sympathy. But in this connection I would like to draw the attention of the Honourable Member to one aspect of the situation. The travelling public certainly require protection because these are days when rates and fares are being raised by companies concerned indiscriminately. Therefore, the step that is being taken by the Government is a step in the right direction. But my objection is that the Government is not going the whole hog in this matter. Government is not proposing to give protection to a very deserving class of travellers by sea. I refer to Haj Pilgrims. Sir, it is a notorious fact that the fares that are realized from Haj Pilgrims are being raised almost every year and now these fares stand at an extremely high rate. So far as the number of such passengers are concerned, that will not compare unfavourably with the number of other passengers who travel from port to port in the Continent of India. And if we take the money that is realized as fares from these pilgrims, I think the total amount realized from the Haj pilgrims every year exceeds the fares paid by other classes of travellers by sea from port to port, either in British India or the Continent of India. Therefore there seems to be no reason why the interests of these Haj pilgrims should not be looked after. Certainly they deserve more consideration than other ordinary passengers because they travel for a holy purpose, and the sympathy of everyone is bound to be with them when they go out of their homes for a purpose like that. Therefore, I would rather go to the extent that they deserve far better consideration than other classes of passengers. But here what we are doing is this: we are refusing even equal consideration to this class of passengers with the other classes of passengers.

It may be said that the intention of this measure is only to give protection to people who travel from port to port in the Continent of India. I do not know whether that is an insurmountable difficulty. I am here raising a question, not a very wide question. I am not saying that you should include all passengers who travel from India to any port outside India. Not that. I am saying give protection to a particular class of such passengers, namely the Haj pilgrims. And secondly, it will be seen that these pilgrims only start from three ports in India and disembark themselves in one or two ports in the Arabian Sea or the Persian Gulf. Therefore, this is a limited matter and I do not think that it will be outside the scope of the Bill if appropriate amendments are made and this class of passengers is included within the provisions of this Bill, so that they may also be given the same protection as is proposed to be given to other ordinary passengers. I hope the matter will be given sympathetic consideration by the Government.

With these few words I support the motion of my honourable friend

Mr. P. B. Gole (Berar: Non-Muhammadan): I do not wish to take much time of the House but I wish to make certain observations regarding this Bill. As I read the Bill I find certain difficulties and I wish to point them out to the Honourable Member in charge so that if he thinks them proper he might make the necessary amendments.

In clause 5, sub-clause (i) (c) the wording is

"the order of priority in which passengers or cargo may be taken on or put off the ship at any port or place whether within or outside British India."

This clause wants to regulate the priority in which a cargo or passengers could be taken in a port outside British India. Within British India it is quite all right because that can be regulated by the port authority but where priority is sought to be regulated in a port outside British India, then the question would arise whether a Master of a ship is to be guided by the rules and directions given by the port authorities outside British India. Supposing the order of the port authorities outside British India conflicts with the orders of the port authorities here, then what is the Master of the ship to do? I think this may create many difficulties and it will be wrong to regulate so far as the priority of the cargo and passengers is to be taken in a port outside British India because those port authorities outside British India may have their own regulations and the Master of the ship or the Captain will be obliged to follow the rules that may be obtaining there in that port outside British India. Therefore, it would perhaps be wrong to make any rules regarding the loading or unloading of ships in a port outside British India. That is a difficulty which I find and I hope the Honourable Member in charge will see that this anomaly is corrected.

Then I draw the attention of the Honourable Member to clause 7. The clause says "A shipping authority may by notice or by post require to furnish information" and so on. Really speaking, in all section in law, generally it is stated by registered post. Here the wording used is "notice served by post". Supposing a notice is sent under a certificate of posting irrespective of whether the notice is served upon the Master or the Captain or the Owner of the ship, if the authorities send a notice under a certificate of posting and whether it is served on the owner or not, here is a breach of the law and that renders the Master of this ship liable to punishment. A notice should be served personally or through registered post or through an office peon going and serving the notice directly upon the master of the ship or the person in authority. In this clause a particular procedure is laid down. Generally speaking even in civil courts notices are served by actual service on the person concerned and if that is not possible by registered post. According to the wording of the clause even service by post is sufficient. I should like to know why direct service through an office peon or registered post is excluded. I have not been able to follow the intention. If you regulate the service of notice by post, it should always be by registered post. This is rather defective. I do not know why notice is served by post and not directly through a peon. The object is that the notice should be served.

Clause 8 (5) says

"If the person committing an offence punishable under this section is a company or other body corporate, every managing director, manager, secretary or other officer or agent thereof shall, unless he proves that he exercised all due diligence to prevent the commission of the offence, be deemed to be guilty of such offence."

This is too wide a provision. The officer or agent must be at least conversant with the directions given. Unless those words are put in every other officer or agent wherever he may be, whether he is aware of this notice calling for information, or any other breach committed by the company or the shipping master, then that agent or officer is sought to be made liable and the burden of proof that he tried his best to prevent an offence being committed is on him and if he fails he will be guilty. That to my mind is a very drastic rule. He probably did not know what the notice was or what the direction was and even in the absence of such knowledge he has to prove that he prevented the commission of an offence or a breach of the rule and unless he does that he will be presumed to be guilty, unless of course he is in direct charge of the ship or the office. Unless that man is in actual charge he should not be made guilty or punishable. Although the word 'managing' has been put in the Select Committee I do not understand how it escaped the notice of the Committee so far as other officers and agents mentioned therein are concerned. I should like to know from the Honourable Member in charge

[Mr. Tamizuddin Khan]

why he is so very strict regarding other officers or agents without saying that they should be conversant with the notice. Unless some explanation is given as to why such a wide clause has been framed in order to rope in all persons, agents or officers, it is very difficult to support this clause.

This is a very good Bill so far as coastal shipping is concerned and it is necessary that shipping should be regulated. I know in former Legislative Assemblies frequent attempts had been made to introduce shipping Bills in order to see that Indian enterprises in coastal shipping are encouraged. It is a good augury that the Commerce Member has taken up this question so early and I hope he will thereby encourage coastal shipping as an indigenous industry.

Mr. Ahmed E. H. Jaffer (Bombay Southern Divisions Muhammadan Rural). Sir, while congratulating the Honourable the Commerce Member for bringing forward this Bill I do not wish to take up much time of the House by going into the details or the merits of the Bill. My Honourable friend Mr. Tamizuddin Khan and myself have written a minute of dissent on this Bill when it came up before the Select Committee. I would like only to add that I rise to support one point which has been made out by my Honourable friend Mr. Tamizuddin Khan and that is in regard to the question of control of fares for carrying pilgrims from Bombay to Hejaz and back. This is a very old question, which requires the urgent attention of Government and I am sure the Commerce Member will very kindly see that the fares are controlled and that in this Bill powers are sought to regulate the control of fares for carrying pilgrims from Bombay to Hejaz. I personally do not see any reason why year in and year out fares should be increased. This has an old history behind it. Before the war in the year 1937-38 the rate used to be Rs. 178 for carrying a deck passenger from Bombay to Hejaz, which included of course his food and other dues payable at the other end. Later on came the rate war, that is a year later. Then a ticket was sold between Rs. 25 and 30 per pilgrim including all the pocket expenses. The then Commerce Member Sir Mohd. Zafrullah Khan forced the rate war to terminate and it was on that occasion, I remember, that the Moghul Lane pointed out that the economic rate to carry a passenger would be Rs. 121 both ways, including food. Last year the pilgrims were carried to Hejaz at Rs. 368 and I do not know whether the companies this year are going to increase it further. As far as I remember when this question was discussed last time the Haj Officer to the Government of India did ask the shipping companies to decrease the fare but they refused to do so. I feel that this is the right time when Government should make a move in this matter. No doubt the Government can say that this Bill is only for a period of one year. It is to end at the end of March 1948. But now is the time when a beginning should be made and I do feel that the interests of the Hajis would be safe in the hands of the Honourable the Commerce Member and he will see that the rate for carrying pilgrims from Bombay to Hejaz is not only controlled but also that the fares which are being charged at the moment are brought down considerably, because I know that the shipping companies can carry pilgrims from Bombay to Hejaz for a much lesser amount than what they charge at present.

Mr. Mohammad M. Killedar (Bombay Northern Division Muhammadan Rural). Sir, I support the measures proposed in this Bill. There is one thing which has been left out of this Bill and that is the shipping rates for passengers going abroad or outside India. My friend Mr. Tamizuddin Khan and Mr. Jaffer have said that the pilgrims who are going from Indian ports to Jeddah and other places are charged very heavily which is a fact. As pointed out by my friend Mr. Jaffer, during the year 1938 the economic fare was fixed by the then Commerce Member at Rs. 121, which included food and other out-of-pocket expenses, which used to be about Rs. 48. Actually the freight charged

by the companies used to be Rs. 78. The Haj traffic was suspended during the war, but in 1944 when the traffic to Hejaz was resumed, the shipping companies started charging Rs. 200 as freight plus the food and other out of pocket charges. And in the year 1945, a year after resumption, they charged Rs. 225. In this way the shipping companies who are plying for Hejaz pilgrims are going on increasing the freight every year. If the power to control the freight is not included in this Bill I think it will be very difficult for the pilgrims and the Government specially for third class pilgrims who travel by deck classes.

Sir, in the year 1944, when the Haj traffic was resumed after its suspension for three years ships were allowed to carry 60 per cent of the capacity. Instead of 100 passengers they were carrying only 70 persons. At that time they charged Rs. 200 and the Government of India guaranteed that if there be any loss in the traffic the Government of India would bear the loss. But you will be surprised to know that there were no losses. They were charging at the rate of Rs. 200 per passenger to and fro and, while they were carrying only 60 per cent of the capacity. But now they are carrying 100 per cent capacity and they are charging Rs. 225. Shipping companies charged Rs. 225 last year and they propose to increase the fare from Rs. 225 to something more than that—what exactly we do not know. Questions were raised by the members of the Standing Haj Committee in the meetings of the Standing Haj Committee that the freights must be brought down and controlled by the Government. At that time the Honourable Member in charge of External Affairs pointed out that Government has no power to control it and therefore they cannot force shipping companies to reduce the fare or control the fares. But when we are preparing a legislation for controlling the shipping I think we should give powers in the hands of Government by which control can be imposed on such traffic.

Sir, you will be interested to know that in the traffic between Bombay and other Indian ports and African ports and between Indian ports and the Persian Gulf the increase of fares over the fares prior to the war is only by 100 per cent. But in the case of pilgrim traffic the increase is to the extent of about 200 per cent. In 1938, when the economic rate was fixed, it was Rs. 73. But last year they charged Rs. 225 which comes to an increase of more than 200 per cent. Unless the Government is empowered to control the freight I am afraid the shipping companies will not yield and they will go on increasing the freight every year. Next year the Haj traffic will have to bear a little bit more because it is proposed to allot 18 square feet to each passenger instead of 16 square feet allowed at present to each passenger. I think on account of this additional accommodation which the shipping companies are going to provide they will try to increase the freight still more. For the facilities and the additional accommodation the pilgrims will not mind if a little increase is made. But such an exorbitant increase which they went on charging will be really ruinous to the poor pilgrims. I would request the Honourable the Commerce Member to accept the amendments which are proposed to be moved by Mr. Tamizuddin Khan and which will be taken up later on when the Bill reaches the second stage. I request that these amendments may be considered favourably and the power which is not included in the Bill may be included so that in future there may not be any sort of profiteering in this traffic.

Sri T. V. Satakopachari (Tanjore cum Trichinopoly Non-Muhammadian Rural): I rise to say just a word for correcting an impression. I understood Mr. Gole to say, in criticising clause 7 in the course of the general observations he made, that the notice served by post had better be by registered post. I only wanted to draw attention to the fact that under section 27 of the General Clauses Act the meaning of 'service by post' in all Central and local legislation will mean, unless a different intention appears, to be "a service that shall be deemed to be effected by properly addressing, pre-paying, and posting by registered post, a letter containing the document, etc." So I would

[Sri T. V. Satakopachari] submit that it was quite sufficient to use the words 'sent by post' and it is not necessary to include the word 'registered'.

Mr. President: His objection appeared to me to be alternative and twofold. His point was that notice may be served either personally or by post and if it was to be served by post then it should be by registered post.

Sri T. V. Satakopachari: I wanted to cover only the latter part.

The Honourable Mr. I. I. Chundrigar: Sir, I am glad to find that the Bill is supported by every section of the House. A few suggestions have been made to which I will now give a reply. Mr. Manu Subedar stated that there are powerful non-Indian shipping interests and that Indian shipping requires the support of the Government of India against those interests. I already enunciated the policy of Government when moving the motion for the consideration of this Bill before it was referred to the Select Committee. I stated that shipping is indispensable to a maritime state, having a coastline and that India with a very long coastline must have a strong navy and must have considerable Indian shipping. The policy of the Government of India will therefore be to give every legitimate assistance to the Indian shipping interests when dealing with the subject. He also referred to the need of making provision for repairs of ships and shipbuilding in India and he also made a suggestion that this is a time when there is no ship building industry worth the name in India and this is a time when Government could usefully consider the question of the establishment of a shipbuilding and ship-repairing industry, in other words nationalising the ship building and ship-repairing industry. That is a point which is engaging the attention of Government and Government will examine the suggestion which has been made by him and supported by the Honourable Member, Mr. Tamizuddin.

Then he referred to the question of Government helping the Indian shipping companies to acquire more tonnage from the United States of America or any other country. I may inform the Honourable Members of this House that my attention was drawn to this subject by the representatives of some of the Indian shipping companies at a recent meeting of the Shipping Policy Committee and I was informed that about 11 ships had already been acquired by two shipping companies from the United States of America. As to the acquisition of more ships, it was pointed out by some members, that it will be much better if the Government of India were to make an offer on behalf of the Indian shipping interests to purchase a stated number of ships from them and the suggestion I then made to the Indian shipping interests was that they should consider the question among themselves and each shipping company could give Government an idea of the number of ships they require, the type of ships they require and the tonnage of the ships they require and when this list is completed and an indication is given as to the prices at which they will be prepared to purchase the ships, Government will be only too glad to use its good offices for the purpose of rendering them as much help as they can in procuring this additional tonnage from the United States of America. I understand that the shipping companies are taking steps in that direction. Each shipping company is preparing a list of the number, type and tonnage of the ships they require and the price they will be prepared to pay for them and as soon as this list is completed and placed in the hands of Government, Government will use its good offices to render them as much help as they can.

Mr. President: The Honourable Member can continue his speech after Lunch.

The Assembly then adjourned for Lunch till Half Past Two of the Clock.

The Assembly re-assembled after Lunch at Half Past Two of the Clock, Mr President (The Honourable Mr. G. V. Mavalankar) in the Chair.

The Honourable Mr. I. I. Chundrigar: Sir, the next point urged by my Honourable friend Mr. Manu Subedar was that if the Government of India were to control Indian shipping, they should also come forward to assist Indian shipping whenever necessary. That assurance has been given by me more than once and I think there should be no doubt in the mind of the shipping companies as to the assistance which the Government will be willing to give them in all their legitimate demands.

Then, he referred to the Government of India Act, section 115. That section would not apply in a case of this character. When the Government of India are trying to control even the Indian shipping registered in India, the British shipping interests can have no occasion for complaint if we try to control them also. Then, he said that there may be some doubt as to the powers of Government to control foreign ships either taking passengers or cargo in India. The question is being thoroughly examined, but the Government of India feel that if it is found necessary to exercise such powers in India, there will be no objection to do so. However, the question is being fully examined and, before that is done, I can assure the Members of this House that the Government of India have taken up with His Majesty's Government the question of Indian shipping taking a greater share not only in the coastal trade of India but also in the overseas trade. His Majesty's Government have suggested that there should be first a conference between the representatives of Indian shipping interests and the representatives of the British shipping interests. If they can reach a settlement, so far so good. But if there are any points of difference left over, then the Government of India and His Majesty's Government will endeavour to remove those differences and bring about an agreement. The Government of India are hopeful that His Majesty's Government will realise that the Government of India cannot neglect Indian shipping and must encourage it. Even if the British shipping interests had rendered a service in the past to India by rendering shipping service, when India is in a position to serve herself. I do not think the British shipping interests will have any occasion to thrust themselves on India. The question, therefore, is awaiting negotiations at this stage and that is why the Government of India have thought fit not to introduce any clause in this Bill to control shipping, which is not on the Indian register by bringing of completely under the control of the Government of India for picking up passengers and embargo in India.

Now, I come to the point raised by Mr. Tamizuddin Khan, Mr. Yusuf Abdoola Harron, Mr. Jaffer and Mr. Killedar, the Honourable Members of the Muslim League Party, regarding the fares for Haj. The Government of India are aware that the fares charged are excessive and a Conference was held last year before the Haj season to arrive at some amicable settlement as to the fare which should be charged. The shipping companies were not willing to show an account of their profits or expenses in connection with this traffic. It has been suggested to the Government of India that they should compel the shipping companies to produce before Government a correct account of the expenses they incur for carrying this traffic and the return which they get on it. I hope the shipping companies will not on this occasion refuse to make the necessary material available, but if they do, then the Government of India propose to exercise their powers either by fresh legislation which will be brought forward or by an Ordinance to do so. Therefore, Honourable Members who raised the question may rest assured that though it is not the intention of the Government of India to make it uneconomic for the shipping companies to participate in this traffic, they will see that they do not charge more than an economic or reasonable fare to these pilgrims.

[Mr. I. I. Chundrigar]

Then, Sir, Mr. Manu Subedar also referred to the fresh legislation which is envisaged in the report of the Select Committee. On that point I can assure him that the report of the Shipping Policy Sub-Committee has been released to the press and they have examined a number of questions. A conference of the Indian shipping companies is called at Bombay on the 14th of this month for the purpose of discussing some of the questions which require further consideration and also for selecting representatives of the Indian shipping interests who should carry on negotiations with the representatives of British shipping interests about the participation of Indian shipping in the overseas trade and the greater participation in the Indian coastal trade. After that conference and these negotiations, the Government of India will consider the situation fully and bring a more comprehensive Bill before this House. Mr. Manu Subedar referred again to the question of inviting Chambers of Commerce to give their views on the report of the Shipping Committee. That report has been published and the Government of India will welcome criticism of any Chamber of Commerce or any businessman or interest affected by this report. He also referred to the heavy pressure on Indian railways and the desirability of using shipping to relieve pressure on railways. That question is being examined, but as he may probably be aware there is very little additional shipping available for the moment but efforts are being made to use as much shipping as possible in the near future. I have already referred to other points raised by the Honourable Member Mr. Gole referred to three points about this Bill, one was regarding clause 5(1) (c) and he referred to the words "within or outside British India". Now, Sir, this question was fully discussed in the Select Committee and we came to the conclusion that unless the Government of India had the power of fixing the order of priority in which passengers or cargo may be taken out of British India some difficulties may be encountered. I will give him an illustration which will make my point clear. Supposing a ship sails from Bombay and it has got room for 50 passengers to go to U.K. Is it the desire of Mr. Gole that Government should have the right of fixing the order of priority or the shipping company itself should be complete masters of themselves and take any passengers or refuse to take any passengers it likes. If the Government of India have no control, then naturally the party which will have control is the shipping concern. It was therefore found desirable that this power should be with the Government, but how far and to what extent it should be used would be a matter for consideration in each individual case.

Mr. P. B. Gole: What I was saying was with regard to control outside British Indian ports. So far as British Indian ports are concerned, Government have got full powers, but how can priority be determined or dictated by the Indian Government with regard to ports outside British India?

The Honourable Mr. I. I. Chundrigar: The question of port outside British India may arise in two ways, either a ship coming from a port outside British India or going from an Indian port to a port outside British India, and the power would be useful so far as this end is concerned. Suppose the power is to be exercised at the other end the Government of India will have to consider whether they are in a position to enforce the order. The second point raised by him was regarding the notice as provided for in clause 7. There I feel that though the present clause was taken mostly from the Defence of India Rules, if there is a motion that delivery of notice may be either by hand or served through post, I would have no objection to accept the amendment. The third point raised by him was regarding sub-clause 5 of clause 8 and he stated that the clauses are very wide. But I may inform him that unless a *prima facie* case is made generally against any of the officers or other individuals mentioned in this sub-clause, they cannot be asked to prove that

they exercised all due diligence to prevent the commission of the offence. This has been put in simply with a view to provide that a very high officer of a company should not be permitted to throw the whole onus on a lower grade employee of the firm like a clerk or anybody else and himself escape liability. Therefore he will have to show that he used all due diligence before he can be exonerated. This point also was fully considered.

Mr. P. B. Gole: According to this sub-clause there is practically a presumption to be raised in favour of the prosecution. It is like this "shall be deemed to be guilty of such offence". It means that the presumption is to be drawn unless the other party proves otherwise.

Mr. President: I may point out to the Honourable Member, if it is competent for me to do so that, provisions on these lines will be found very probably in the Merchandise Marks Act and in other Acts also, I believe perhaps in the Factories Act also. But I am not quite sure. Some provisions in the Companies Act are also there. That is how this provision follows those lines for the reasons explained by the Honourable the Commerce Member just now, because in company management it is always possible for the higher authority to get things done and then father the whole thing on the head of a subordinate. The presumption is therefore there. The Honourable Member will find it positively. I believe in the Merchandise Marks Act.

The Honourable Mr. I. I. Chundrigar: It must be proved that the offence has been committed before this presumption can be raised. This in brief is my reply to all the points raised. I am thankful to the House for supporting this measure.

Mr. President: The question is

"That the Bill to provide for the control of shipping as reported by the Select Committee be taken into consideration."

The motion was adopted.

Mr. President: The question is

"That clauses 2, 3 and 4 stand part of the Bill."

The motion was adopted.

Clauses 2, 3 and 4 were added to the Bill.

Mr. President: Clause 5

Mr. Tamisuddin Khan: Sir, it is gratifying that the Honourable Member has given an assurance that active steps will be taken in the matter of Hejaz pilgrim traffic. May I ask him whether there are any special difficulties, technical or otherwise, in accepting any of my amendments which I have tabled. If so, I do not like to move them. If not, I should like to move them.

The Honourable Mr. I. I. Chundrigar: The question is one of general importance. If we try to fix passenger fares or cargo freight rates from an Indian port to a place outside the continent of India in that case, we must take general powers and not powers for the purpose of these pilgrims alone. Whether the Government of India should assume those powers is a matter on which final decision will be reached after the negotiations between the Indian shipping interests on the one hand and the British shipping interests on the other are completed and if necessary further agreement between the Government of India and His Majesty's Government is reached on the same subject. Therefore I do not want to treat the question piecemeal by tackling only the question relating to passenger fares between an Indian port and the place of pilgrimage and leave the question undecided relating to other passenger fares or cargo freights. The whole question will be considered together but so far as this question is concerned, as I assured the Honourable Member, the Government of India will take it up with the shipping companies and I hope they will be helpful and not obstructive in this matter.

Shri Sri Prakasa (Benares and Gorakhpur Divisions Non-Muhammadan Rural) Sir, it may be a matter of pure sentiment with me, but I should like the Honourable Member to consider sympathetically my suggestion that instead of the words "continent of India" the word "India" only should be used, in clauses 5 and 6. India is known to many of us as a "country", it has been described as a "sub-continent", I do not think the Honourable Member should go further and call it a 'continent'. I believe in some pre-historic time it was a continent when Africa and India were joined together.

Mr. President: I believe the Honourable Member knows that some of the ports are within the territories of Indian States and so the phraseology of "British India" will not do.

Shri Sri Prakasa: The word "India" includes Indian India. If the word "India" is substituted for 'continent of India' I think the Honourable Member's purpose will be served and my sentiment also will be satisfied.

The Honourable Mr. I. I. Chundrigar: Let me first assure my Honourable friend that I have not coined this word and I have not introduced it for the first time, it is on the statute-book since the year 1923 and I have merely repeated it in this Bill. I have explained to him why the words "continent of India" were used even in the enactment of 1923.

Shri Sri Prakasa: What is that piece of legislation?

The Honourable Mr. I. I. Chundrigar: It is in the Indian Merchant Shipping Act of 1923,—a connected piece of legislation. The words are used there in section 2(1) (m), and I will explain why they are used. We all understand what is meant by the words "British India" namely, that portion of India which was under the British. Now 'India' has been thus defined in the General Clauses Act.

"'India' shall mean British India together with all territories of any Indian rulers under the suzerainty of His Majesty, all territories under the suzerainty of such Indian rulers, the tribal areas and any other territories which His Majesty in Council may from time to time after ascertaining the views of the Central Government and the central legislatures declare to be part of India."

Therefore 'India' does not mean the French and Portuguese possessions in India, and wherever the legislature wanted to include even the French and the Portuguese possessions in India the words used are "the continent of India". These words have been used in the Merchant Shipping Act of 1923 and they have been used in that sense in this Bill.

Shri Sri Prakasa: Cannot we correct an old mistake?

Mr. President: That will have to be done by a separate piece of legislation.

The question is

"That clause 5 stand part of the Bill."

The motion was adopted.

Clause 5 was added to the Bill.

Clause 6 was added to the Bill.

Mr. P. B. Gole: Sir, I move—

"That in clause 7 of the Bill, the words 'served either by post or directly' be substituted for the words 'served by post'."

Mr. Shavar A. Lal: I suggest that the words "personally or" be inserted after the word "served."

Mr. P. B. Gole: Sir, I move—

"That in clause 7 of the Bill the words 'personally or' be inserted after the word 'served'."

Mr. President: Amendment moved

"That in clause 7 of the Bill, the words 'personally or' be inserted after the word 'served' and before the words 'by post'."

The question is

"That in clause 7 of the Bill, the words 'personally or' be inserted after the word 'served' and before the words 'by post'."

The motion was adopted

Mr. President: The question is

"That clause 7, as amended, stand part of the Bill"

The motion was adopted

Clause 7, as amended was added to the Bill

Clauses 8 and 9 were added to the Bill

Clause 1 was added to the Bill

The Title and the Preamble were added to the Bill

The Honourable Mr. I. I. Chundrigar: Sir, I move

"That the Bill, as amended, be passed."

Mr. President: Motion moved

"That the Bill, as amended, be passed"

Sri M. Ananthasayanam Ayyangar (Madras Ceded Districts and Chittoor Non-Muhammadan Rural) Sir, India before the dawn of civilisation was one of the oldest maritime countries in the world. Persons who have read the *Puranas* know that there was a Maharishi by name Agastya of whom it was said that he made *achamana* with the oceans. That meant that he expanded India and made it greater India. Today we find images of Agastya in the island of Bali and in Sumatra, Java and other places. It was just an allegorical way of saying that he crossed the oceans. He crossed them without any difficulty and so it is said that he performed *achamana* by taking all the water with his hand. That was our ancient history. Our ships sailed to all the corners of the world. But when last year our friend Diwan Chaman Lall went to Argentina and arranged for the supply of food from there to this country it had to be delayed for want of ships. That is the unfortunate position in which we find ourselves landed after millions of years of an ancient civilisation in this country. During the war there was ample opportunity for Government to build a mercantile marine here. Advantage was taken of the war to build a similar mercantile marine for Australia with a population of only 7 million, a mercantile marine of which they can be proud. New Zealand with a population of only 3 million has built up a mercantile marine. We have got nothing like it. Are we to be thankful to the British Government, which is leaving this country, for the manner in which they have left us absolutely with unguarded shores from the political, the defence, and the trade points of view? We have got practically the largest coast or one of the largest coasts that any country in the world possesses. But still we are in that position. It is unfortunate that while I expect this measure to go the whole hog it is halting in its nature. It is no doubt true that discriminatory legislation is there, it has blackened the Government of India Act of 1935, with sections 111—116, under which discrimination is to be shown to British vessels. [But there is no such impediment so far as vessels from other countries are concerned. Why should the Honourable Member have hesitated to impose restrictions upon their one-sided traffic from this country, carrying away all the traffic without giving us any benefit? The Honourable Member says that he is going to introduce legislation after having a conference with the shippers in the United Kingdom. Does he still hold the view that satisfying the United Kingdom is satisfying the rest of the world? There are other countries in the world. The Honourable

[Sri M. Ananthasayanam Ayyangar]

Member did not say that there is a conference going to be held soon of all countries in the world and of all the shipping interests? He referred only to the United Kingdom. Let there not be only an agreement with the United Kingdom alone which has been responsible for such discriminatory legislation, I would say it is discriminatory legislation which has crept into the Government of India Act 1935. We must develop a mercantile marine which can be easily converted into a good navy so that all the ships may be used, if neces-

3 P M sary, in time of war. We have neither the one, nor the other. I learn on reliable authority that America is parting with up-to-date ships which could be used for building up mercantile marine in this country, and a number of countries are placing orders on America. Opportunity must be taken at the earliest possible moment of this offer from America and a number of ships must be purchased. We have already nationalized one of the most important communication services in this country—Railways—and it is one of our assets. Almost all the sections of this House were anxious that civil aviation also ought to be nationalized. Then we have the shipping industry. I put a question the other day to the Honourable the Commerce Member as to what is being done in the matter of building ships in this country and I referred to Vizagapatam dockyard. He said that two ships were in the course of construction. Where is two as compared to the huge number of ships that other countries have in the world? It is useless to proceed at such a slow pace. He should ask his colleagues to vote large sums of money for the purpose of having a nucleus of a mercantile marine. Possibly he will say that I must address this to the Honourable Member in charge of Industries and Supplies Department. Both of them should put their heads together and see that at the earliest possible opportunity a mercantile marine is developed in this country.

I am waiting, and I am sure the House will wait with great interest, to see when and how he is going to usher in a Bill, but let him not commit himself to a one-sided agreement in favour of one country as we have already been giving or we were forced to give, as against another. Let us not play into the hands of the United Kingdom's interests.

I shall be failing in my duty if I did not refer in this connection to one or two things that are happening in the world. I am told that Indian officers are going in ships, whether they registered in the United Kingdom or in India, are not allowed to enter the Port of London. I shall only be glad if this statement is contradicted. I am also told that Indian seamen are not allowed to enter the various ports in Australia. If it is so, it is a dangerous thing to do and they should avoid it. But we can do that only by realizing our tall stature and building up a huge mercantile marine which is able to compete with other countries in the world, and by having its proper place in the industrial sphere of this country.

Sir, I support the motion and I expect, with this reservation, that he will bring in the other Bill as early as possible.

The Honourable Mr. I. I. Chundrigar: So far as the general sentiments expressed by my Honourable friend, Mr. Ayyangar, are concerned, Government is in full sympathy with him. But there are two points urged by him to which I should give a reply. He seems to misunderstand the nature of the proposed negotiations between the representatives of the Indian shipping interests and the representatives of the British shipping interests. The present position is, that even if we want to eliminate British shipping altogether, we have not the necessary shipping. Therefore we have to reach an agreement with them that they may keep their shipping on the Indian shores and gradually remove it as we may be in a position to substitute it by Indian shipping. It is therefore that we require special negotiations with the British

shipping interests and that is the nature of the negotiations which are going to be held, and that would be not to the benefit of one country alone. I hope and trust that it will be to the benefit of both the countries.

The second point raised by him was about the treatment given to Indian officers and seamen in the Port of London. I can assure him that it has come as a news to me. I shall make enquiries in the matter and if this allegation is correct, we will take action in the matter.

Mr. Mann Subedar: It is not seamen, but officers. Unless it is very recently modified, the provision was that if in a ship the captain, the first mate, or the second mate was a coloured person, that ship was not allowed to be unloaded in the port of London.

The Honourable Mr. I. I. Chundrigar: I shall make enquiries in the matter because, as I said, I have heard it for the first time.

Mr. President: The question is

"That the Bill, as amended, be passed."

The motion was adopted.

MOTOR VEHICLES (SECOND AMENDMENT) BILL

The Honourable Dr. John Matthai (Member for Railways and Transport) Sir, I move

"That the Bill further to amend the Motor Vehicles Act, 1939 (Second Amendment), as reported by the Select Committee be taken into consideration."

It is unnecessary to enter into details regarding the objects and the history of this Bill because from all the comments that we have received since this Bill was published and circulated I feel it is regarded in the main as a non-controversial measure. It deals mainly with the subject of reciprocity with the States in the matter of compulsory insurance of third-party risks. Government have worked out a complete scheme in this matter and about 50 States have expressed their desire to participate in this scheme of reciprocity, but it would not be possible for us to implement it until we know definitely what the final shape of Chapter VIII of the Motor Vehicles Act is going to be.

Sir, the most important point which Honourable Members have raised in connection with this Bill is the question of exempting vehicles owned by Government. The first thing that I would like to say regarding that, is, that the question of insurance does not in the least affect the legal liability of the owner, that is a different matter. What compulsory insurance does, is not to attach liability where there is none now. The whole point of compulsory insurance is to enable the owner to pay any claims which may be made against him, to put him in a position where he may be able to meet the claims. The suggestion has been made that the liability of Government in regard to negligence or wrongs committed by Government officers should be examined on more comprehensive lines and that the position should be made more definite and clear. That is a matter which is now under examination and if it follows as a result of this examination that action is feasible and advisable, Government will certainly take it, but I would suggest that the examination of so big a problem as that cannot very well be considered in isolation of matters covered by this Bill. But I am in a position to state that in the meantime Government are generally willing to accept liability for third party risks as if they were the private owners of vehicles. The Defence Department have already set up a Claims Commission for the purpose of expediting the award of compensation and so far as civil vehicles are concerned I want to assure the House that the matter is under active consideration and that a procedure which is specifically designed to ensure the minimum delay is being worked out and will be put into operation at the earliest possible date, we are also addressing Provincial Governments in that matter. I hope, Sir, that these assurances will fully satisfy the House.

[Dr John Matthai.]

There is only one other matter to which I would like to refer, and that is, that the exemption which is provided in this matter for vehicles owned by Government in British India, must equally apply to vehicles owned by Indian State Governments. Obviously, this is a matter in which differentiation cannot be made and if it is made, the States will not agree. But I am in a position to state that the States have agreed that where their vehicles are involved in accidents in British India and the States concerned cannot be sued in a British Indian Court, the States will guarantee payment of any amount assessed by the District Magistrate in whose jurisdiction the accident takes place, subject to an appeal to the Central Government. This I think covers most of the matters which have been raised in connection with the Select Committee's report and I would now commend this Bill to the sympathetic consideration of the House.

Mr. President: Motion moved

"That the Bill further to amend the Motor Vehicles Act, 1939 (Second Amendment), as reported by the Select Committee, be taken into consideration."

Mr. P. B. Gole (Belar Non-Muhammadan) May I know whether the French Government and the Portuguese Settlement Government have given any undertaking to the Government of India that they will be responsible for any accidents or damages that may occur in British India?

The Honourable Dr. John Matthai: The matter has not been taken up with these two Governments so far.

Mr. P. B. Gole: May I know why they are being exempted now?

The Honourable Dr. John Matthai: The matter has not been taken up with these Governments. If any provision is made in the Act now, it may expedite arrangements which may be taken in hand later. Besides the exemption involved is negligible.

Sri M. Ananthasayanam Ayyangar (Madras Ceded Districts and Chittoor Non-Muhammadan Rural) It is an absolutely non-controversial Bill and though there have been two notes of dissent, not that they are minutes of dissent, certain suggestions may be taken into consideration. It must be taken that the Bill has emerged from the Select Committee with the unanimous opinion of all the people who partook in the proceedings. If the Bill was introduced it was for the purpose of enabling motor vehicles which are registered for the purpose of third party insurance in British India to see that motor vehicles which are registered in States are also accepted, provided they also undertake the liability that is imposed upon motor vehicles in the matter of insurance. That was the main object of this Bill. Till now though the Motor Vehicles Act was amended in 1939, Chapter 8, relating to third party insurance comes into operation only in 1947. Before that chapter comes into operation, they wanted to enlarge the scope of the insurance by including motor vehicles that are registered in States which are prepared to reciprocate in the sense that they are also willing to introduce a similar piece of legislation by insisting upon vehicles insuring under this chapter or under provisions relating to a similar chapter. Insurance relates to this. There are three kinds. We have enlarged the scope to some extent in the Select Committee. Chapter 8 as it stood before amendment in the Act of 1939 related to third party risks. If a motor vehicle is destroyed on the road, there may be an accident to the passengers, and therefore the motor owner must be in a position to pay compensation for the damage to the persons who suffer on the road. Motor vehicles carry passengers for hire. Those people may be injured in an accident. Compensation may be awarded by Courts and it may so happen that in spite of the award of the Court, the amounts given by way of compensation by courts may not be realisable from the owners, and for the purpose of being easily realized, the owners of these cars are asked to insure against third party risks to passers-by on the road as also to passengers in the vehicles.

We have added a third in this Bill—drivers and conductors of those vehicles are also insured against any damage or injury to them or against death. In the old Act of 1939 it was left to the Provincial Government under Section 94 clause 3 to make provision that a similar insurance should be made against risks, or damage or bodily injury or death to the employees. We have insisted upon that being provided for in every policy of insurance that is made. Thus every public vehicle ought to have insurance for three purposes, for the purpose of paying compensation for any injury that a passer-by may suffer for what the passengers may suffer also for what the drivers and conductors may suffer.

In that way we have brought in a piece of legislation and brought it here and made it compulsory. I am sure my friends in the labour group have read this Bill and they should give us our due share of praise for having taken a step in the right direction. I do assure them that the interests of labour are close to our hearts and we are trying to introduce measures for their welfare, safety and prosperity though in spite of the best efforts we may make from time to time, our people always try to swing the pendulum to the extreme and then begin to complain that we are not showing sufficient regard for labour.

I had my own doubts as to why in an unwary moment we should have included the Governments of the French and Portuguese Settlement in India. There is yet another Bill which will be coming up before the Assembly. It seeks to amend the other provisions of the Motor Vehicles Act. It is because that they are the territories of the French or Portuguese Settlements which are so small that we thought that by negotiations we shall be able to make them undertake similar liability. But it is confined only to vehicles owned by those States. If a public service vehicle which is registered in British India has to insure itself against third party risks, the other vehicle, even though it may have been registered or belonged to a owner in the French or Portuguese Settlement, if it is to apply here for hire that has to come under chapter 8. We think the exemption is not on all vehicles whether belonging to private owners or the States, or to those within the Portuguese or French territories but to those that are owned by the States themselves. I am sure they will fall into line with the Indian States which have agreed to come in as reciprocating territories. If, however, they do not choose to do so, certainly we can always have that portion deleted.

As regards the liability of Government for the neglect of their servants, I am sure in my own mind that the law is clear. If on account of the negligence of their servant an accident is caused, the Government as the employer will be certainly liable for all the damages sustained by either pedestrians or passengers. No particular law is necessary. However, inasmuch as some of my friends had raised a doubt, the Honourable Member has said that it will be cleared up. That will arise not only in connection with this service but various other departments as well, in which servants belonging to the Crown may be negligent. I hope that there will not be any difficulty in the passage of this Bill.

Shri Sri Prakasa (Benares and Gorakhpur Divisions, Non-Muhammadian Rural). Sir, there are just two points to which I want to refer. One is that under the law there is compulsory insurance of motor vehicles. I raised this point once before in the House by way of a question, and the Honourable Member then in charge of the Department assured me that the matter would be considered. As there is a system of compulsory insurance, I think the Government should prescribe the fee for such insurance. Insurance companies charge different rates, and at the present moment they range from Rs. 200 to about 50. It can be said that it is up to the motor owner to go to one insurance company or another. That may be so when insurance is a purely voluntary process. But when Government forces every motor owner to go to an insurance company to insure his car, surely the Government should also make it incumbent upon the various insurance companies to charge a uniform

[Shri Sri Prakasa]

fee I think that is a reasonable suggestion and I hope Government would do something in that behalf

The other point is about the exemption given. The Transport Member has tried to explain the exact significance of this exemption. It is a pity that India is so unfortunate as to have in its public servants the most irresponsible, the most careless and at the same time the best protected set of persons. If any set of persons require to be brought under discipline I think it is the set composed of government servants. But it is a curious thing that they get exemptions for every thing. When there is a Hindu-Muslim riot, the Government servant who caused them, is exempted from all responsibility. He is exempted even from the curfew regulations. He is exempted from all punitive taxation, and innocent people who have had nothing to do with the riots suffer on all fronts. Here also while the innocent and law-abiding private motor car owner has to undergo this process of getting his car insured, as if Government and the insurance companies were in some sort of unholy alliance in order to increase the income of the latter, they exempt their own servants, and not only their own servants but even the servants of subordinate bodies like local boards, etc. The Select Committee say in their notes that they assume that "before exempting local authorities, the Government concerned will take into account their financial position and satisfy itself that they could safely be left to carry the risks without insuring their vehicles with authorised insurers." If they can assume that the financial position of these bodies is sound, I ask in all seriousness my Honourable friend whether he cannot assume also that the financial position of persons owning motor cars is sound and that they would be able to meet all possible liabilities.

Sri M. Ananthasayanam Ayyangar: Even then drivers are not paid by these motor owners.

Shri Sri Prakasa: My versatile friend has not put in a clause here to that effect. He just now expatiated on his extreme consideration for labour, but he evidently forgot that his own motor driver has evidently not been receiving his salary for many months. I should like to meet that driver. I wonder why he has not thrown his master into the gutter!

I should like my Honourable friend to tell me what really is the incidence of accident by private motor cars. Is he satisfied that the incidence is, so high as to enforce this provision of the law? Is he also sure that the incidence of accidents by vehicles of Governments and local bodies is so low that they can be safely exempted? Personally, from such experience as I have of conveyance carts of municipalities I can say that the drivers leave them carelessly and recklessly in the middle of roads blocking all traffic. They do not care where they smash these vehicles or against what other vehicles they run them. I therefore think that there should be no exemption. Either all should be exempted or none.

I am not prepared to accept the assurances of my Honourable friend regarding what the Defence or any other Department has said. We have had many assurances in the past from all departments, particularly the Defence Department and the way they have been defending us is too well known for further explanation in this House. Neither the Defence Department nor his own department will I trust in this matter. On the contrary what is necessary is that all private owners of cars should be exempted from having this compulsory insurance and that motor cars belonging to Government departments and local bodies should be insured, so that they may develop a sense of responsibility which they are in great need of learning. If that is not done, I for one will carry the very unhappy feeling that Government is exceedingly partial to themselves.

I certainly expect persons now in office to know better, because they have been non-officials before they took up office and they themselves have experienced all the difficulties that non-officials in this country have to face in the course of their daily duties. I am sure the Honourable Member himself has and must have often felt as a non-official before that he had not been properly treated by persons in office. If that is so, then I think that he should not follow in the footsteps of his predecessors who had never been out of office at all and who from a joint magistrateship right up to the membership of the Government had always been in office. He should not follow their ways but should remember the days when he was a non-official and he should try to protect non-officials from being mishandled by public servants. If they are going to exempt public servants from all liabilities at all times then I think it would not only be right or proper, but positively dangerous.

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As matters stand at the present moment there is a positive encouragement to have an accident. Nobody wants to damage his car, everybody takes care of his car. But as things are, if you insure the car you can do repairs up to Rs. 300 without any difficulty. Therefore you do not mind getting an accident which will not cost you more than Rs. 300. This insurance system therefore is not always a safe system. Anyway there it is, and the only two things that I can now suggest are firstly that Government should fix a uniform rate of premium, which and which alone various insurance companies could charge when a car is being insured and secondly that there should be no exemption whether the cars belong to the states of Portugal or France or to the State of an Indian prince or to the State of the Honourable Member himself.

Mr. S. Guruswami (Nominated Non-Official) Sir, I am tempted to reply to the observations that were made by my honourable friend Mr. Ananthasavaniyam Ayyangar about the provision that has been made in this Bill to include the liabilities arising out of the Workmen's Compensation Act. I am sorry he failed to point out that the provision is not adequate, in the sense that not more than six employees are eligible to be included in the protection contemplated in clause 4 of this Bill. I strongly oppose this for the simple reason that it will encourage semi-solvent motor owners to run the business when they should not. If the Government does not insure we can get money required for compensation. But if there are private employers running the bus industry who have not enough means to protect their employees and insure them against liabilities arising out of accidents, then such employers should not be encouraged. Instead of thanking the framers of the clause I would strongly criticise them for limiting the liability to only six employees. Therefore it is not in a spirit of thankfulness that I have to deal with this provision of the Bill. I request the Honourable Member in charge of this Bill to remove this defect and not prescribe any limit regarding the number of employees who ought to be insured and who require protection under clause 4 of this Bill. Even the present Workmen's Compensation Act is considered inadequate and evidence has been tendered before the Central Pay Commission that employees who are liable to special accidents like transport employees should be given additional insurance over and above what they would be ordinarily entitled to under the provisions of the Workmen's Compensation Act. In the circumstances what this Bill contemplates is not even insurance of the liability that would accrue under the Workmen's Compensation Act because not all the employees who will receive injuries in an accident will have the benefit of the protection of clause 4. I would therefore request Mr. Ayyangar and the Honourable Member in charge of the Bill to modify clause 4 accordingly.

Dr. Zia Uddin Ahmad (United Provinces Southern Division, Muhammadan Rural) Sir, I gave notice of an amendment that this Bill should be

[Dr Zia Uddin Ahmad]

re-circulated. The formal notice which I gave under clause 88(c) of the Manual of Business and Procedure (page 19) was that

"I move that the Bill further to amend the Motor Vehicles Act, 1930 (Second Amendment), as reported by the Select Committee, be re-circulated for the purpose of eliciting public opinion thereon by 31st May 1947"

This was the notice which I gave for the re-circulation of this Bill

I am not satisfied with what has emerged from the Select Committee and I wanted further consideration of this particular question. The point which I had in view when I wanted to move this motion was that the two public carriers, railways and motor buses, ought to be on the same footing. We never require any insurance in the case of the railways. No insurance is needed for it, neither third party risk nor any other thing. But in the case of motor cars we want every motor owner to pay large sums of money to the friends of those who are running the motor car business—the insurance companies. When you purchase a car the agent comes and you have to pay the additional amount for the insurance as well. I do not see any advantage in this particular thing. There may be some kind of security that the poor man, the driver, whenever he is injured, is to be compensated in the same manner as the workman in any company or the workman working in the railways. That is the intention. But this third party risk which is here invariably falls upon the owner of the buses. One may argue that the railway companies are very big concerns and their solvency can be taken for granted and that it was not necessary for the railways to insure themselves. The same thing may apply to a large number of the owners of motor vehicles. A person who owns a motor car is not an insolvent person. He is a person who can always be trusted like the Managers of the Railways. Therefore there is no reason whatsoever that this insurance should be insisted upon. I opposed this in 1938 when this Bill was first drafted.

Shri Mohan Lal Saksena (Jaiknow Division Non-Muhammadan Rural)
We thought you had grown wiser

Dr. Zia Uddin Ahmad: At that time it was agreed that Chapter 8, of the Insurance Bill should not be given effect to immediately. But at a time when my friends the Congress people on the left were out and the Government had a safe majority, they gave effect to the Insurance Chapter of Motor Vehicle Act. Now the Congress gentlemen have returned, they have not only returned with a majority in their pocket and not only with majority of votes in their pocket but the Government also in their pocket. On the last occasion it was carried on account of the absence of the Congress members from the House. That should not be repeated and what we denied in 1938 should not be carried here. It was really enforced upon us, not by the whole House but simply by the vote of the Government. Now the position was entirely changed. Therefore I think the whole thing ought to be re-circulated as it should be judged *de novo* according to the changed conditions that have now been created in the Assembly. I think this insurance is not demanded by anybody. It was really enforced upon us and the reasons that were given in 1938 and repeated in the second time, I think in 1942, do not hold good now. They will benefit only certain classes of people. The insurers are really the people who are being benefitted. Suppose there is an accident. I go out in my car and certain persons attack my car. The insurance company will say 'No, this not covered'. People can attack your truck or car and give some beating to the driver. The insurers will not come forward to help us and pay any compensation.

Sri M. Ananthasayanam Ayyangar: They will pay only in case of an accident.

Dr. Zia Uddin Ahmad: Accident also is defined in a particular manner. If it is done intentionally by any person, they do not call it accident. If I insure my car and my life—it is worth while in these days—and I am quite prepared

to do it. But my honourable friend will not insure me even in the case of railways. There is absolutely no security when travelling by railways that my life and person will be safe. Travelling by railway has become so insecure that all the prestige that my honourable friend enjoyed has disappeared altogether in these days. There is no security for any passenger who is travelling that he will reach his destination safely and he will take his luggage safely. No compensation is paid for the loss of property and for injury. If that is the case in the case of railways, why should my Honourable friend want the motor buses to be insured in order to benefit the insurers? If any damage is done to the car, then it is said not to be an accident. Accident is a thing which it is not very easy to define. If a man does it intentionally, it is not an accident. If it is unintentional, it is exceedingly difficult to prove what is an accident and what is not.

In these days when travelling by train has become almost impossible, this thing is not desirable that the railways should be let off and only private motor owners should be asked to insure. If any accident happens my friend the Transport Member will not compensate them.

I attempted to move an adjournment motion in this connection. I wanted to point out that persons who were travelling were looted, their properties were taken and removed altogether. Will the Honourable Member give them compensation in such a case? He will say that he is not responsible. If this insurance is not necessary for the Railways then why does he demand this from the motor buses? I think insurance for risk and so on has no meaning whatsoever in these days when everything is unsafe. Insurance against fire has no meaning. We do not know what is the reason for the fire. Therefore I say that this question of insurance has no meaning. With this intention I wanted a motion to be moved that the Bill ought to have been re-circulated so as to invite public opinion. I say that railways and motor buses ought to be put on the same footing. When you are not demanding it from the railway why should you demand it from the buses?

Mr. President: May I put a point to the Honourable Member? I believe as a public carrier, the railways are insurers.

An Honourable Member: They are liable for negligence.

Dr. Zia Uddin Ahmad: If my friend will agree on the floor of the House that he will get all the persons travelling in the railways and also their property insured, then I will withdraw my amendment. It is said that the guarantee behind these railways are the taxpayers themselves. In the case of the motor the guarantee behind them are the owners of the motor cars themselves. Those people who own the motor cars are poor. They are liable to pay for the risk if it is demanded. The payment will be avoided on some excuse or other and it would be said that it was not an accident.

The other day I broke my car. Without insurance I could not get any petrol and I could not get any money from anybody by insurance and nobody would pay. I have had to carry on so much correspondence and it is not worth while.

Unless you put the railways and the buses on the same footing, it is not fair. In the case of the railways, you say it is the taxpayer who is behind it. In the case of the motor car, there is no financier behind it. This is not argument. The law does not make any difference between Birla and myself. Law should be law for everybody.

Then the second thing is that there ought to be some kind of insurance for those persons who really lose their property in the train. In the case of the motor buses, you restrict the number of passengers. In the case of the railways, you issue any number of tickets, whether there is accommodation or not. Whatever rules you frame for the motor cars must apply to the railways also.

[Dr Zia Uddin Ahmad]

You issue any number of tickets without insuring that there is adequate accommodation for the passengers. The logical consequence of this is that there is a fight in the train. Sometimes the trouble becomes so strong, as it happened in the case of the adjournment motion. All public carriers should be really put on the same level. If that has happened I don't mind. But it has not happened. Nobody is prosecuted for travelling outside the carriage. Nobody is prosecuted if the railways carry more than maximum number. They never provide more accommodation in the trains and more coaches where they are required. They sell any number of tickets without ascertaining whether there will be accommodation for the passengers.

I have pressed and will continue to press that the railways and the motor traffic should not be under one authority. The motor traffic should be put under a different member. Both are really opponents. There should be a coordinating authority and the two subjects should be under the control of two different authorities. It is really unfair that the person in charge of the railways should suppress his opponent, the road traffic service and try to kill it. I should have very much liked to move my amendment of which I gave notice. I say that this matter requires reconsideration and we should not pass this Bill lightly.

Mr. Shavax A. Lal (Government of India Nominated Official) Sir, I wish to say a few words about the liability of the railways. Recently, we made a provision in the case of railway accidents by inserting a section, 82A, in the Indian Railways Act. It reads:

"(1) When in the course of working a railway an accident occurs, being either a collision between trains of which one is a train carrying passengers or the derailment of or other accident to a train or any part of a train carrying passengers then, whether or not there has been any wrongful act, neglect or default on the part of the railway administration such as would entitle a person who has been injured or has suffered loss to maintain an action and recover damages in respect thereof the railway administration shall, notwithstanding any other provision of law to the contrary, be liable to pay compensation to the extent set out in sub-section (2) and to that extent only for loss occasioned by the death of a passenger dying as a result of such accident and for personal injury and loss, destruction or deterioration of animals or goods owned by the passenger and accompanying the passenger in his compartment or on the train, sustained as a result of such accident.

(2) The liability of a railway administration under the section shall in no case exceed ten thousand rupees in respect of any one person."

Dr. Zia Uddin Ahmad: May I ask one question? Will the Honorable Member read further where it is mentioned that the liability will not exceed so many thousands of rupees?

Mr. Shavax A. Lal: I have already read that out.

Shri Sri Prakasa: May I ask how much money has been paid by the Department under these provisions?

Mr. President: He would like to have notice of that question.

The Honourable Dr. John Matthai: Sir, the points which have been raised in the course of the debate are points which I tried to deal with in my introductory remarks. The burden of the discussion has been again with reference to the question of the exemption granted to Government vehicles. I can only repeat what I said at the beginning that the question of insurance does not affect at all the question of legal liability. All that compulsory insurance does is to place the person upon whom liability is fixed in a position to meet the claim which is brought against him. I think on broad grounds we are perfectly justified in making a distinction between the Government and public authorities on the one hand and private persons on the other in respect of compulsory insurance. I submit that it is a commonsense measure, the principle of which is too obvious to be stressed.

Shri Sri Prakasa: Does the Honourable Member know that sometimes the local bodies are not able to pay even their teachers?

The Honourable Dr. John Matthai: The local bodies in respect of whom this exemption is to be granted is a matter that is to be considered by the Government. They have got to consider the position of local bodies before the necessary exemption is granted.

Shri Sri Prakasa: Will the Government take into consideration then position individually or will they take them *en masse*?

The Honourable Dr. John Matthai: It has to be decided on the merits of each case.

[At this stage Mr. President vacated the Chair which was then occupied by Mr. Deputy President (Khan Mohamad Yunus Khan)]

Now, my Honourable friend Mr. Sri Prakasa raised an interesting point, namely, that in the matter of rates of premia charged for insurance there ought to be uniformity. This matter, I believe, at one stage of the consideration given to this Bill, was examined and the conclusion that the Government came to was that till we were in a position to gather more experience regarding it, it would be a little premature to fix a uniform scale. In that connection, I must refer also to the other point that Mr. Sri Prakasa made, namely, statistics regarding accidents because the rate that you pay in the way of premia is closely connected with the statistical position regarding accidents. The statistics of accidents in this country, like most other statistics in India are open, I believe, at present to serious question. The figures that we used to get before the war were so unsatisfactory that nothing could be based on them. During the war there was interruption of even this rather deficient service. I am, therefore, at present not in a position to answer the question which he raised, viz., what is the percentage of accidents that we have in this country in regard to motor transport? As a matter of fact, I think the Honourable Member will find that as soon as a system of insurance of this kind is started, that itself will help the creation of a satisfactory body of statistical data and I am looking forward, therefore, to our statistical position improving as a result of this measure.

My Honourable friend Mr. Guruswami suggested that the provision regarding the workmen's compensation is unsatisfactory and he raised the point that more persons should be compensated than is provided for in the Bill. Well, there might be justification for action of that kind. The only thing that I can say at present is this. If you do so, the rates of premia would have to be put up. Your insurance becomes more expensive if it covers a wider field. So, we have got to balance these two considerations. What is the amount of liability on grounds of fairness and justice that you can ask owners of motor vehicles to bear? On the other hand, what is the reasonable protection required by third parties? Balancing these two considerations, we came to the conclusion that the provision that we have put into the Bill is adequate.

My Honourable friend Dr. Zia Uddin Ahmad raised some fundamental questions. I think the answer has been given by my Honourable friend Mr. Lal as far as the liability of railways is concerned. If we do not insist on compulsory insurance in respect of the railways, particularly now when most of our railways are owned by the State, the answer is that the railways are very largely on the same footing as Governments and public bodies. Sir, I have nothing more to say.

Dr. Zia Uddin Ahmad: What about the Government being insurers themselves?

The Honourable Dr. John Matthai: That raises the big question of nationalisation of insurance.

Mr. Deputy President: The question is

That the Bill further to amend the Motor Vehicles Act, 1930 (Second Amendment), as reported by the Select Committee, be taken into consideration "

The motion was adopted

Clauses 2, 3 and 4 were added to the Bill

Mr. P. B. Gole: Sir, I move

"That in sub-clause (b) of clause 5 of the Bill, in the proposed sub-section (2A) of section 96 of the Act after the words 'from a Court in a reciprocating territory', the following be inserted, namely

'and in the case of a foreign judgment is, by virtue of the provisions of section 13 of the Code of Civil Procedure, 1908, conclusive as to any matter adjudicated upon by it' "

So far as this clause is concerned, I find some anomaly and, therefore, I have moved this amendment. You will see that as the clause stands today, it will come in conflict with section 13 of the Civil Procedure Code. Foreign judgments under section 13 of the Code of Civil Procedure are conclusive, except under certain conditions which are mentioned in that section from (a) to (f), namely

- "(a) where it has not been pronounced by a Court of competent jurisdiction,
 - (b) where it has not been given on the merits of the case,
 - (c) where it appears on the face of the proceedings to be founded on an incorrect view of international law or a refusal to recognise the law of British India in cases in which such law is applicable,
 - (d) where the proceedings in which the judgment was obtained are opposed to natural justice
 - (e) where it has been obtained by fraud;
 - (f) where it sustains a claim founded on a breach of any law in force in British India "
- These are the exceptions to the conclusiveness of a foreign judgment. Here I find all foreign judgments are held to be binding. In order to bring it in line with the provisions of section 13 of the Code of Civil Procedure, I have given this amendment so that these foreign judgments which are obtained under this clause may not be an exception to the general rule laid down in the Code of Civil Procedure. I hope the Government will see its way to accept this amendment so as to make it consistent with section 13 of the Code of Civil Procedure.

Mr. Deputy President: Amendment moved

That in sub-clause (b) of clause 5 of the Bill, in the proposed sub-section (2A) of section 96 of the Act, after the words 'from a Court in a reciprocating territory', the following be inserted, namely

'and in the case of a foreign judgment is, by virtue of the provisions of section 13 of the Code of Civil Procedure, 1908, conclusive as to any matter adjudicated upon by it' "

The Honourable Dr. John Matthai: I accept the amendment

Sri M. Ananthasayanam Ayyangar: I want to say a few words. I am not sure whether this amendment fits in. My difficulty is this. What I feel is this. A foreign judgment under section 13 of the Code of Civil Procedure is not by itself executable as a decree of this court, the foreign judgment is to be filed and then a decree is to be passed thereon which is to be executed as a decree later on.

Mr. Deputy President: Does the Honourable Member oppose this amendment?

Sri M. Ananthasayanam Ayyangar: I am not opposing this amendment. I am only pointing out that this amendment won't fit into the scheme of this clause.

The Honourable Mr. Liaquat Ali Khan (Finance Member): It fits in

Sri M. Ananthasayanam Ayyangar: Then if the Government say it fits in I have nothing to say. I will have an opportunity to argue this in a court of law.

Mr. Deputy President: The question is

‘That in sub-clause (b) of clause 5 of the Bill, in the proposed sub-section (2), of section 26 of the Act, after the words ‘from a court in a reciprocating territory’ the following be inserted, namely

and in the case of a foreign judgment is by virtue of the provisions of section 13 of the Code of Civil Procedure, 1908, conclusive as to any matter adjudicated upon by it’.

The motion was adopted.

Mr. Deputy President: The question is

‘That clause 5, as amended, stand part of the Bill’.

The motion was adopted.

Clause 5, as amended, was added to the Bill.

Clauses 6, 7, 8 and 9 were added to the Bill.

Mr. Deputy President: Clause 1

Mr. Shavaz A. Lal: Sir, I move

‘That in sub-clause (1) of clause 1 of the Bill the word ‘second’ be omitted’.

Mr. Deputy President: The question is

‘That in sub-clause (1) of clause 1 of the Bill the word ‘second’ be omitted’.

The motion was adopted.

Mr. Deputy President: The question is

‘That clause 1, as amended, stand part of the Bill’.

The motion was adopted.

Clause 1, as amended, was added to the Bill.

The Title and the Preamble were added to the Bill.

The Honourable Dr. John Matthai: Sir, I move

‘That the Bill as amended be passed’.

Mr. Deputy President: Motion moved.

‘That the Bill as amended be passed’.

Shri Mohan Lal Saksena: Sir, I am sorry I did not get an opportunity to speak on the first Motion as I wanted to put to the House that in the Select Committee we had pressed the suggestion that so far as third party risk insurance is concerned, the work should be taken up by the Government itself and in the absence of that, there should be provision at least for co-operative insurance societies even for owners of private cars. But in view of the answer given by the Honourable the Commerce Member, to a question, the other day, in this House, that this question was being considered, I did not think it proper to move the amendment to that effect. As was pointed out by my Honourable friend Shri Sri Prakasa, that different insurers charge different rates, I still hope that there should be some uniformity. There is another objection why should private insurers benefit out of this legislation. There has been a lot of talk in this House about nationalisation and our Finance Member is also keen on getting money for the poor people. So, I think this is fit case where the Government can take up work immediately. They are thinking of road-rail co-ordination thereby saving some money to the taxpayer. Just now I had a talk with the Commerce Member. He pointed out certain difficulties in giving effect to the suggestion. There may be some difficulty. They do not have any organisation to take up the work. But we know that during the war, there was war risk insurance work and in spite of the fact that the Government did not have any machinery,

[Shri Mohan Lal Saksena]

that war risk insurance work was being carried on by Government. Still money did come to the government exchequer. I think some similar agency could be devised for insuring third party risks and the money could come to the government exchequer. After all we want this money for the welfare of the people who suffer now. If this money is not to go to people who suffer, then it must come to the Government because ultimately it is the Government which is creating scope for making money by private insurers. I hope the Government will take up this question early. The Honourable Member for Transport said that this question raised general importance and it referred to insurance generally whether insurance as a whole should be nationalised or not, but I submit this is not the case. It is a case just like war risk insurance which can be considered separately by itself. I hope the Honourable the Finance Member or the Honourable the Commerce Member or the Government as a whole will consider this question and will see that this insurance work is taken up by Government. Firstly it will ensure uniformity of rates, secondly it will not mean so much gain to private insurers. After all we know there is a feeling in the country that the whole insurance should be nationalised until this is done, we should not provide more scope for private insurers. We have not got facts and figures to show in how many cases there have been owners of these cars who have not been able to meet the liability. Still we know that there is a case, that there should be a provision for this third party insurance risk. The House is sanctioning it and it is up to the Government to provide machinery by which all this money that is raised under this head does not go to private parties, private insurers but it goes to Government.

One thing more, there was a point raised by my Honourable friend Dr. Ziauddin Ahmad and he said that after all the Bilas are there who can be supposed to pay for the liabilities under this head. I know there is a provision in England that any person who deposits about £15,000 or £25,000 with the Government will be exempt from having any insurance like that. I wish some such provision could be introduced in this Bill also so that such persons as do not want to pay unnecessarily on account of this insurance might deposit money with the Government and they need not insure their cars for third party risk as required by this Bill. I wanted to move that, but it was not possible. But I hope Government will still consider the minute of dissent that we put in and will devise ways and means to give effect to that.

Sri M. Ananthasayanam Ayyangar: Sir, I will only answer one or two matters that have been raised by my Honourable friend Dr. Ziauddin. He thought that motor cars are also insurable under this and everybody wants a motor car and there is an accident but it does not come under the third party insurance at all. Then as regards the need for insuring I do agree with him that private owners need not come under this chapter VIII, the reason being that they are not carrying persons on hire. Therefore, so far as passengers are concerned, the members of his family or other people who get in, need not be paid compensation. The question of compensation arises only in case of accident to persons passing on the road. Normally these owners can be expected to be quite solvent except in the case of persons who are trying to ply for hire. These men ply public service vehicles, either goods vehicles or passenger vehicles. In the case of goods vehicles Rs 20,000 is the limit prescribed up to which it is to be insured. In the case of passenger vehicles, so far as third parties, i.e., passers-by are concerned, Rs 20,000 is the limit and with respect to passengers inside another Rs 20,000. And if the taxi carries six persons for each the maximum limit of compensation to be paid is Rs 4,000 per head. In the case of buses which carry more than

six persons it is Rs 1,000 compensation that will be paid for each individual that gets in thus in the case of a passenger vehicle Rs 40,000 should be the limit and in the case of a goods vehicle Rs 20,000. That is for a public service vehicle where owners are driving and plying for hire they entrust it to a person and it is not expected that either they or members of their families will be travelling in these vehicles to see that there is no rashness and accidents are avoided. It is different in the case of private vehicles run by owners for their personal use. But the Committee thought otherwise. No exemption was made in the original Act itself and it was not within the scope of the Select Committee under this Bill to modify any exemption of that kind and therefore that was omitted.

As regards employees I should like to say a word. Six employees are allowed. The life of a driver and conductor is insured against and then the owner of the vehicle is liable to pay compensation. And in a goods vehicle besides the driver and conductor the owner takes about five or six employees for the purpose of loading and unloading. ...

The Honourable Dr. John Matthai: The provision is that in the case of buses it is the driver plus the ticket collector plus the conductor. In the case of lorries it is the driver plus six other employees.

Sri M. Ananthasayanam Ayyangar: There is no conductor in the case of a goods vehicle, there is driver plus six employees. The employees are for the purpose of loading and unloading in the case of a goods vehicle. We know what the size of a lorry is. In addition to the goods that are conveyed is there room for more than six persons there? My Honourable friend evidently wants that if he takes 40 employees from one place to another,—not the employees of the vehicle but he may be the owner of a factory employing a thousand persons,—why should he insure that vehicle for the benefit of 10 employees who are not carried for hire? The employee is a person who is engaged for the business for which the lorry is taken, and the goods vehicle is plying for hire from one place to another. Therefore with all respect for my Honourable friend Mr. Guruswami we have not let down the employees, on the other hand we have made ample provision. Anything more than six will be too big a number and not more than six will ordinarily be ample in any goods vehicle.

The Honourable Dr. John Matthai: Sir, the only point to which I want to refer is the question raised by my Honourable friend Mr. Saksena. The subject of insurance is one with which I am not directly connected, but I will certainly communicate the views expressed here to my Honourable colleague the Commerce Member who is in charge of the subject of insurance.

Mr. Deputy President: The question is.

"That the Bill as amended be passed."

The motion was adopted.

INDIAN COINAGE (AMENDMENT) BILL

The Honourable Mr. Liaquat Ali Khan (Finance Member) Sir, I move.

"That the Bill further to amend the Indian Coinage Act, 1906, be taken into consideration."

The object of the Bill is to enable the minting and issue of a pure nickel rupee in place of the quarternary alloy rupee containing 50 per cent silver. It seeks in effect power to remove from our coinage the last of the so-called silver coins. This might seem a revolutionary change in view of the fact that the rupee has been a silver coin in India from historical times. It is, however, a change in keeping with modern ideas about currency. When money first came into existence it was naturally thought that the coins, which were to

[Mr. Liaquat Ali Khan]

serve as a medium for payment, should have an intrinsic value in themselves corresponding to the value for which they were to be used. The nature of money is, however, now better understood and it is recognised that money is a token of the value guaranteed to it by the State and need not possess the same metallic value in itself. It is therefore unnecessary and wasteful to use a valuable metal like silver for coinage. Most advanced countries have now ceased to use silver for their main coins and Honourable Members are aware that recently, even the United Kingdom has replaced all silver coins by cupro-nickel coins.

It is not the value of the metal but its physical characteristics and suitability for coinage purposes that should be the main consideration in selecting the metal for coinage. From this point of view pure nickel is in many ways far superior to silver. It is too hard a metal to be worked without heavy specialised plant and the manufacture of pure nickel coins outside the mints is therefore impracticable. It is the only common coinage metal which is magnetic, and counterfeits made with other alloys can thus be easily detected with the help of a small magnet. Nickel wears well and lasts long. Pure nickel coins are silver white in colour and unlike silver coins do not tarnish easily but retain their bright appearance almost indefinitely. It is on account of these special advantages that pure nickel has been very widely adopted for coinage. The first pure nickel coins were issued in 1881 in Switzerland, Austria, Italy and France soon followed suit, and up to 1936, 80 denominations of coin were issued in pure nickel by 29 countries.

The proposed change should not come as a shock to public sentiment because even the present silver rupee is practically a token coin, in spite of the inflated prices of silver in India. A large section of the public has already got used to and even prefers the paper rupee, which is no more than a token coin without any intrinsic value. The public has also accepted and grown used to the nickel half and quarter rupees. The way has thus been paved for the introduction of a nickel rupee without causing any appreciable shock.

There are several practical considerations which have induced the Government to propose the present measure. As Honourable Members are aware, the Government had considerable difficulty during the last two wars in obtaining sufficient supplies of silver required to meet the increased demand for coins. During the last war it was only on account of the assistance given to us by the United States Government through the good offices of His Majesty's Government that we were able to get the silver required for our very largely increased coinage requirements. Honourable Members are also aware that this assistance was given without requiring immediate payment from us but on condition that the silver will be returned within five years of the date on which the President of the U.S.A. declares the end of the state of emergency. That declaration has not yet been made but prudence requires that we should take steps from now to enable us to meet our commitment when the occasion arrives, without making any drain on the private silver holdings in the country or having to make fresh purchases on difficult terms. The elimination of silver from our coins is the most effective step we can take for this purpose and that is the first practical consideration which has weighed with Government. Among other practical advantages of this measure the following may be mentioned:

(1) It would ensure that ample currency, without undue expenditure of foreign exchange upon the constituent material, will be readily available to subserve the programme for expanding the national income.

(2) It would also have a salutary effect in checking speculative rises of silver prices in India and prevent their rising to abnormal levels.

(3) It would tend to discourage the prevailing practice of hoarding coins as a store of value, which is clearly, a wasteful use of currency

Sir the House will notice that though Sections 4 and 5 relating to silver coins in the existing Act have been deleted, no specific provision has been made in the Bill itself for the issue of pure nickel rupee coins. The new Section 6, which combines the provisions in the existing Sections 6 and 10, empowers the Central Government to prescribe the dimensions and designs of the coins as well as the metal of which the coins are to be made. The intention is to prescribe a rupee coin of pure nickel of the same weight as at present and of the same design as used for the new half and quarter rupee nickel coins. The reason why the actual dimensions and designs are not laid down in the law itself is that even under the present Act this is left in the case of coins other than silver coins to be prescribed by Government and it is clearly a more convenient arrangement than having to amend the Act every time any modification in respect of any of these details is found necessary.

It will take a considerable time before sufficient new coins are minted and put into circulation to take the place of the existing coins. It will not therefore be possible to withdraw the existing coins for a long time and it will be seen that in the new Section 13 the legal tender character of the present silver coins has been maintained. Under this Section the rupee coin has been made legal tender for any amount as at present. In the case of the half rupee coin the present position is that the silver half-rupee is legal tender for any amount while the half-rupee in any other metal is legal tender for an amount not exceeding one rupee. For the sake of uniformity and convenience all the half-rupee coins are now made legal tender for a sum not exceeding ten rupees which is an adequate limit. Coins of lower denomination remain legal tender for a sum not exceeding one rupee as at present.

The other modifications made are

(i) A new provision has been made for cutting fraudulently defaced coins
(ii) Section 20,

(ii) A provision has been added for prescribing the limit of reasonable wear in the case of nickel coins at a percentage higher than that for silver coins as nickel coins have a wider remedy

(iii) The present sections 10, 11, 12, 15 and 24 have been deleted. Of these, Sections 10 and 12 have been incorporated in the new Sections 6 and 10 respectively and the remaining have no significance any longer and have been omitted as unnecessary.

The Coinage Act has undoubtedly become somewhat difficult to follow on account of the numerous amendments made to it from time to time. It is however inopportune to introduce an entirely new Act which would have taken considerable time of the House and involved delay in its enactment thus postponing the main change which is desired and which it is necessary to bring into effect immediately for the reasons already explained. The amendments proposed however have the effect of overhauling the Act by cutting out all dead wood and it will be found when the Act is reprinted with the amendments now proposed as it is Government's intention to do that it has been simplified and is easy to understand. Sir I hope the Honourable Members of the House will support the measure which I have the honour to place before them.

Mr. Deputy President: Motion moved

"That the Bill further to amend the Indian Coinage Act 1906, be taken into consideration."

Mr. Manu Subedar (Indian Merchants' Chamber and Bureau Indian Commerce): I regret to say that I am not as happy with regard to this Bill as I generally am with regard to several Bills which the Honourable the Finance

[Mr Manu Subedar ;
Member has introduced If, however, it is a Government measure, then, Sir, Members of the House and others know what will happen to that measure so far as we are concerned. All the same let us have the satisfaction of expressing how and where we do differ

Sir, if an archaeologist after about 2,000 years were to dig up the coins of this country in regular succession he will come across the gold *mohar* which used to be here, and he will come across rupee coins of Queen Victoria, then bare-headed Edward, then George with the big crown, then Edward and then George without the crown, and lastly, Sir, he will come up to the nickel rupee which the Honourable the Finance Member proposes to introduce I am sure, Sir, with the acumen which the archaeologists of that age will have they will draw inferences as to the condition of this realm and they will say that here was a big land with great signs of prosperity and civilization which seemed to decline progressively, after thousands of years of progress, until it came to the nickel rupee! Sir, I do not understand what is this nickel rupee When the rupee was made of *rupa nana*—it is called '*roupya*' in Sanskrit, and *rupaya* in Urdu—there was some sense in the coin being called a 'rupee' But is there any sense in calling a nickel coin a rupee? It should be called '*naqli*' being made of nickel The difference between the *ash* and the *naqli* which exists in the Northern India and it is brought up on other occasions This is indeed a historical occasion My Honourable friend referred to the fact that the first nickel coin was made in 1887 I will mention when the first silver coin was made The age is lost in the antiquity of time Silver coins were found in Egypt 3,000 years ago They were found in Assyria and elsewhere 5,000 years ago It is historical in the sense that so far as India is concerned that for a period of known history for 1,000 years we have used silver as the currency metal It is undoubtedly true that silver was familiar It was used as a store of value It was used as a standard of value and it was understood and known My friend referred to the difficulty of coining nickel except with hard tools Foreign countries may have hard tools and they may coin nickel though it may be difficult in a country which is industrially backward Personally I know the Indian tools which can turn out nickel and I do not see any special difficulty about handling nickel But other countries will not find it so difficult and if you put the temptation to other countries they will make 95 per cent profit if they can put forward nickel rupees counterfeited in their country into this country Then, Sir, you are tempting the devil Counterfeit of nickel made well in other places with nickel will not be detected There was no inducement to counterfeit silver because there was value in it The counterfeiter did not get the whole bulk of it In this case counterfeiters not only in foreign countries but in my country skilled as they are in mechanics and art, have now sufficiently increased The counterfeiting problem in the States will undoubtedly be a serious one Then the Finance Minister said if there was any other mixture with it, it would be easy to detect with a magnet! Yes Sir, if there was a counterfeit with white metal it would look like this coin and 99 per cent of the population of this country would not be able to say whether the white metal is white metal or nickel, not unless they took out from their pocket a magnet And is the population expected to carry a magnet? I have seen one Sir Archibald Rowlands showed it to me I was told Government ordered one million magnets in order to distribute them so that the public may discover whether they are getting a genuine nickel coin made in His Majesty's Mint in Bombay or whether they were getting a white metal counterfeited by counterfeiters in this country who made it in their spare moments I am not too happy from the point of view of counterfeit of white metal in this country, or nickel from abroad

Now consider the rupee as it was known to us Is it necessary for you in this House, worldly-wise and all observing, is it necessary to point out that

we had the *kaldar*. Every shopkeeper and farmer used to do that with the rupee and he heard the ring and he was sure he was getting what it was. Will he be able to do so with nickel? Can the Finance Minister say that the position will be just as good when the coin is flung on a stone and it will give a ring and people will be happy? No, Sir. Probably there are other reasons but with these particular aspects of it I certainly prefer the rupee as made of silver.

The Honourable Mr. Liaquat Ali Khan: The present rupee does not ring!

Mr. Manu Subedar: I agree. Having slid down a little from the rupee we are now sliding down to the bottom.

I am sorry, I was going to say that I do not agree with the statements of reasons which are put here. Most of the reasons are special pleading but as the bulk of these reasons have been embodied in the Honourable the Finance Member's speech, I find myself in some difficulty. Had it been merely dealing with these reasons here, I would have done so line by line and word by word and said that these reasons are far-fetched and not convincing. However, let us take one of these reasons. It is said that rupee notes are very popular. I dare say, we in the city when the rupee note is tendered, do not say I do not want this note. We accept the notes and we help the State by not insisting on silver. But to say that these notes are popular is I think straining the fact. It is true that the Finance Department may be working their plan on the basis of the amount of notes in circulation. These notes and a large number of them is required. It is also true that as you kept taking back the real rupee, the *ashli* rupee and as you put down the half *nakli* or 50 per cent rupee, they were not sure what they were getting. Even this 50 per cent rupee was not issued in sufficient quantity because so far as I know, much as we deplore it, so far as popular preference is concerned, if you take it from Connaught Place and under the nose of the Government in New Delhi—that is one popular preference. If you take it from the bulk of the people of this country right in the villages and elsewhere, that is another popular preference. And I think I am on safe ground that so far as the bulk of the people are concerned, the rupee note is definitely not popular. They would prefer to have their silver rupee, their *kaldar* rupee which they could ring. The very possession of it, before they spent it gave them some mental joy. It may be that I am pleading this lost cause (since it is a Government Bill) with some earnestness and enthusiasm because it brings me back to my childhood days when on all auspicious occasions and holidays we were waiting round the corner. We had no interest in ceremonies or any other things. All we were waiting for was, the moment when two very shining eight anna pieces, newly coined, or two rupees were to be given to us. We were waiting for that occasion. We took that shiny coin and we were happy. This happened year in and year out. Those memories are still ringing in our ears. May be that I am too old-fashioned. But I do feel that this is one of those changes which may conveniently have been delayed.

Taking the reasons with regard to the rupee note, let us see what is the real reason why Government had to make a change. It is true that during the last two wars Government with very great difficulty maintained the rupee coinage. That was because of the people's preference. If any proof was wanted the people preferred the metallic rupee. It is here in the experience of both wars in the sense that the metallic rupee was taken up by people and hoarded and therefore its quantity was found short and Government was obliged to recoup and place into circulation a much larger amount. In the case of the previous rupee policy which we had in 1893, the mints were closed. In other words, the full value of the rupee disappeared. Then came the rupee with 90 per cent silver and that rupee held the field until the quaternary rupees were issued in 1943 or was it 1942? Then, until the price of silver

[Mr Manu Subedar] went up to Rs 100 per 10 tola, there was no danger of the coinage being melted down. With the quaternary rupee the position was that until the price of silver went up to Rs 200 there was no danger of the coinage being melted down. If Government had said that this was the specific reason for then proposing this change, I say that having made your change to the 50 per cent silver coin there is no necessity for a further change, because your silver coin in that form is no longer in danger of being melted down.

I do not like the position with regard to nickel. I enquired the other day of the Finance Member what happened to the base metal. During the war in this country there was unprecedented activity in the coming of small change. I do not think any country in the world had coined so much metal as this country and from the purely minting point of view it was a credit to those who ran the mints. They coined an enormous amount of small change. What happened to them? Our Government in their wisdom introduced a coin for one pie with a hole in it. May I tell you what was the fate of those coins?

Shri Sri Prakasa (Benares and Gorakhpur Divisions, Non-Muhammadan Rural): They were used as washers.

Mr. Manu Subedar: My friend with his keen intelligence always anticipates. Those coins disappeared from circulation because they were found so useful as washers which were not available during the war.

Shri Sri Prakasa: They cost two pie each!

Mr. Manu Subedar: We have very recently incurred a very heavy cost for minting small change coin, in which we have used all sorts of metals. There has been no uniformity about the metal, because during the war we were obliged to use every kind of metal. Hundreds of thousands tons of metal have gone into the small coin on which we have already incurred a huge cost and by making the new four and eight anna pieces we have with our own hand deliberately destroyed the value of all the labour which has gone into putting the recent coinage into circulation, whereas in my opinion they would have lasted for 30 or 40 years and when they returned I would have asked them to be destroyed. Meanwhile with our own hand we are putting an end to an expenditure which we have undergone for the process of minting. Of course large profits are shown taking the gross expenditure, of the mint which had increased profit during the last few years. The bulk of this expenditure is now being destroyed with our own hands. Take the expenditure which this country has incurred from the standard rupee to the quaternary rupee. Enormous coinage has been made and at an enormous cost. We propose to withdraw all the money spent for coinage purposes. That runs into a crore or two and all that money is being thrown away deliberately by our own act. Now we want to change the Coinage Act again. What happens to the base metal and the other mixed metals (brass, bronze, nickel and so on) which have been used for the purpose of the small change and which is coming back as the four anna nickel is getting introduced? When I asked this question the other day the Finance Member did not have the information at his disposal. I am anxious to know whether somebody is not watching out. I want to put the Finance Department on their guard that there is no record about these deals and they are extensive deals in metal for and on behalf of Government. I enquired with regard to the price of nickel. An enormous amount of nickel was produced in the world during the war period and there was a war demand. As soon as the war abated all the nickel producers were in difficulties. Powerful agents went round to every country including my own country and there was a powerful propaganda in favour of nickel and my own people were induced to see, to learn and repeat the advantages of nickel as a currency metal. Here is the result. This

country is being drawn into the purchase of nickel to the extent of 13,000 tons at the rate, is it of 108 per ton. May I enquire what happened to the base metal as it comes out and why such base metal should not be used in Government's ordinance factories. Instead of that we find that on the one hand one department of Government is advertising a material for sale and another department is advertising for its purchase. It is a comic state when Government may not notice but some of us have been noticing it. Leaders are called for an article by one provincial Government or Department of Government and tenders are called for its sale by the Central Government or another department of Government.

An argument was made with regard to lease lend silver which we have to give and the lease lend agreement with America has come in for mention. I do not wish to detain the House to say that in the matter of lease lend this country has been treated very badly both by the U.K. and the U.S.A. The House will remember that lease lend arrangements first existed between the U.K. and the U.S.A. and that the U.K. got enormous amount of material on lease lend and sent it out here and realised full value for articles which they had received free from the U.S.A. We did not come in for lease lend until it was realised that America was asking for plenty in return. When the question of giving something in return came up then India was promoted to the dignified position of having direct contact with a big country like the U.S.A. and India became a party to the reverse lease lend. Only later on we came in for lease lend but the position was that this poor country gave a lot more than it received, if you take into account not only what we got directly from the U.S.A. but all the indirect lease lend from the U.K. for which we paid so heavily. The question then came up for settling the lease lend agreement as between the U.S.A. and India. I might mention in this connection that the U.S.A. has not yet settled any of its agreements with either China or Russia. They were afraid even to mention to Russia and yet Russia was the country which received the greatest amount of lease lend aid from the U.S.A. But our late administration was in a hurry before the Interim Government came in to make a settlement and almost in the last few weeks of their existence they came to an agreement for and on behalf of India by which India paid for lease lend cent. per cent full value. Consider this with the settlement that the U.K. arrived at with the U.S.A. on the basis of 5 per cent. I can give the House the figures if the House wants them. 12,000 million dollars were fixed for 650 million dollars at 5 per cent with the U.K. but at cent. per cent with India. The whole pound of flesh was taken by Uncle Sam from this poor country and this negotiation was regarded by this Government as a very creditable achievement of theirs. It was said that this was very beneficial. Not only did they take cent. per cent but they took something from the surpluses, some of which as it was disclosed this morning in the House was not usable. We had agreed to take care of some of these surpluses, to sell them and pay the U.S.A. half the excess over 50,000 dollars. In other words not only did we pay cent. per cent for the war materials which were dumped down here or received by us only on paper and which went down the sea in many cases, but we were made to promise that we shall pay half the excess over 50,000,000 dollars from the amounts which may be realised by the sale of the surplus which remained in this country. That is not enough, Sir. We were told that all war transactions and lease/lend transactions were the subject matter of negotiation and still, in spite of this, the silver matter was left aside. It was left aside on a plea which is not intelligible. The U.S.A. having extracted value from us and having been promised half the value of the surplus of its goods left here was not content with it. It claimed the silver which was got out by the United Kingdom for our purposes from the U.S.A. It claimed the silver not in value, because we have the sterling balances and if it was a

[Mr. Manu Subedar]

question of value we could have settled it. But it claimed the silver in kind. And why in kind? Because the value of silver has gone up double in the world. It has gone up three times in certain currencies. Even in the United Kingdom currency it has gone up from 19 to 56 pence. This is a hard and unconscionable transaction done against the interests of the country. And it is to this transaction to which the popular Government when it ascended the throne should have promptly opened up and taken objection. I think they should have promptly at least tried to reopen this and see that India secured a fair deal and some little consideration, that India's first direct contact with the United States was that we did not have this Shylockian transaction from U.S.A. to this country. But what do I find? I find instead the popular Government has sat tight. It has accepted without a murmur, without any effort, this transaction which I call very hard on this country. What do I find further? In pursuance of this transaction, and because they have to fulfil the terms and conditions of a transaction which is definitely anti-Indian, which is definitely against the interests of this country and which was entered into by the Government—it was entered into with indecent hurry during the last few weeks of their existence in order to fulfil the terms of this transaction we have now got a proposal before us that we must end the silver coinage. Even this is being done in some hurry. The Honourable the Finance Minister speaks frequently and has spoken on several measures about the great impending changes which are coming in. May I know, Sir, whether in the matter of coinage, in this matter of silver contracts, whether in other matters, the constitutional issues on which he lays emphasis on other occasions, have no significance and no importance? Do we know whether it is wise to spend enormous money on the coinage, whose effigy you are going to put, what wording you are going to put? Do we know whether it is wise to incur this heavy expenditure and to rush with this particular change on this occasion and whether in view of the considerations I have been mentioning it would not be wise to hold over this measure? It is for Government to consider what would be the proper thing.

Then we were told that once we make this change Government will be able to bring down the value of silver. Let me warn our Government not to adopt without revision and consideration the views with regard to silver which have been held by the Finance Department in the past. This metal has shown remarkable resiliency. It had ceased to be a precious metal and in spite of being driven out from coinage and a supreme position in currency this particular metal did not become a common base metal. It still remained a precious metal. The more you put down one particular use of this metal, its use in a particular direction, the more it springs up other uses. Does the House know, Sir, that many million ounces of silver were used for the preparation of the atom bomb? Does the House know that when there was heavy shortage of aluminium for the production of aeroplanes, silver was used up? Does the House know that for polishing and for all sorts of other purposes including photography whose vogue has very much increased in the world, this metal is being used up? How can they account for the fact that instead of India bringing down the value of silver to meet the conditions in the world the conditions in the world have got to be altered to meet the position created by India? Sir, amongst various other great points which this country has got, there is also this, which I would like to mention, and that is that it possesses the greatest bullion market in the world. That India does have much to say with regard to the value of precious metals goes without saying. This is a position which is one of some distinction and I do not think it is right and wise that we should ignore all these considerations.

Lastly, Sir, I should like to say that if Government propose to go ahead with this Bill, and if they propose to give effect to it so as to dethrone silver,

then let us at least have a precious metal coin in the form of gold. Sir, the Honourable the Joint Secretary of the Finance Department, speaking yesterday, said that we had not quite gone to the gold standard, that the gold standard, was somewhat old-fashioned, that we were not going to full value gold standard. It is true. Yet gold coins are seen somewhere in the world. They are valued and if we are basically on gold, is there any reason why our Government after it settles down as a full free government should not consider whether, in commemoration of that great event, they should not bring out a full value gold coin. Sir, it is not long past when we were all fond of and familiar with gold *mohurs*. In fact that was one of the things given to daughters and sons at the time of weddings and at many other times. The gold *mohur* has played a role even in the lives of middle class families. In the south of India I find that six or seven gold *mohurs* are taken and attached to a hook and it becomes a necklace. Now, Sir, gold *mohur* is still available. You can pay and get them in Bombay if you want. If we are thinking of major changes in the currency and coinage of our country and if we must change history and undo what has been in existence for a thousand years, then let us at least think of having one full value coin of precious metal and give it to the people so that they can still store, value and hold that coin and feel that they have got something. During the period of the war we noticed that the belief in paper money was not very sound, that at various times Government were obliged to take very violent and criminal proceedings against people who asked for discount and others who received discount. In other words we are not yet in that condition of reliance on credit and paper. I hope some day we shall train up the whole population to that degree of intelligence which prevails in New Delhi. But while the bulk of the population is still backward, I plead for the continuance even of the 50 per cent. silver coin and I plead for the full value gold coin in this country. Sir, I do not like this measure and I shall vote for it on an official whip.

The Assembly then adjourned till Eleven of the Clock on Thursday, the 10th April, 1947

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